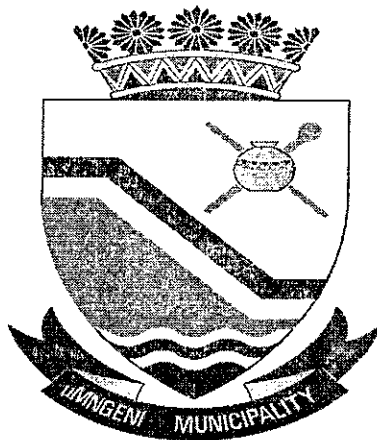


DRAFT ANNUAL BUDGET OF UMNGENI MUNICIPALITY



2016/17 TO 2018/19 MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

Copies of this document can be viewed:

- **In the foyers of all municipal buildings**
- **All public libraries within the municipality**
- **At www.umngeni.gov.za**

Table of Contents

PART 1 – ANNUAL BUDGET	1
1.1 MAYOR'S REPORT	1
SPEECH BY THE MAYOR OF UMNGENI MUNICIPALITY	1
1.2 COUNCIL RESOLUTIONS	1
1.3 EXECUTIVE SUMMARY	2
1.4 OPERATING REVENUE FRAMEWORK	4
OPERATING EXPENDITURE FRAMEWORK	133
1.5 CAPITAL EXPENDITURE	177
1.6 ANNUAL BUDGET TABLES - PARENT MUNICIPALITY	18
2 PART 2 – SUPPORTING DOCUMENTATION	38
2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS	38
2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP	43
2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS	50
2.4 OVERVIEW OF BUDGET RELATED-POLICIES	56
2.5 OVERVIEW OF BUDGET ASSUMPTIONS	61
2.6 OVERVIEW OF BUDGET FUNDING	63
2.7 EXPENDITURE ON TRANSFERS AND GRANTS PROGRAMMES	77
2.8 COUNCILLOR AND EMPLOYEE BENEFITS	79
2.9 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW	822
2.10 ANNUAL BUDGETS AND SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN – INTERNAL DEPARTMENT	89
2.11 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS	90
2.11 CAPITAL EXPENDITURE DETAILS	90
2.13 LEGISLATION COMPLIANCE STATUS	97
2.14 OTHER SUPPORTING DOCUMENTS	98
2.14 ACTING MUNICIPAL MANAGER'S QUALITY CERTIFICATE	127
QUALITY CERTIFICATE	127

List of Tables

Table 1 Consolidated Overview of the 2016/2017 MTREF	4
Table 2 Summary of revenue classified by main revenue source	5
Table 3 Percentage growth in revenue by main revenue source	6
Table 4 Operating Transfers and Grant Receipts	6
Table 5 Comparison of proposed rates to be levied for the 2016/2017 financial year	10
Table 6 Comparison between current electricity charges and increases (Domestic)	11
Table 7 Comparison between current waste removal fees and increases	122
Table 8 MBRR Table SA14 – Household bills	133
Table 9 Summary of operating expenditure by standard classification item	14
Table 10 Operational repairs and maintenance	155

Table 11 Repairs and maintenance per asset class	16
Table 12 2016/2017 Medium-term capital budget per vote	177
Table 13 MBRR Table A1 - Budget Summary	19
Table 14 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification).....	211
Table 15 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)	233
Table 16 Surplus/(Deficit) calculations for the trading services.....	244
Table 17 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure).....	255
Table 18 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source	277
Table 19 MBRR Table A6 - Budgeted Financial Position	29
Table 20 MBRR Table A7 - Budgeted Cash Flow Statement	311
Table 21 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation	32
Table 22 MBRR Table A9 - Asset Management.....	344
Table 23 MBRR Table A10 - Basic Service Delivery Measurement.....	366
Table 24 IDP Strategic Objectives.....	44
Table 25 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue	477
Table 26 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure.....	488
Table 27 MBRR Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure.....	499
Table 28 MBRR Table SA7 - Measurable performance objectives	522
Table 29 MBRR Table SA8 - Performance indicators and benchmarks	53
Table 30 Credit rating outlook	62
Table 31 Breakdown of the operating revenue over the medium-term	63
Table 32 Proposed tariff increases over the medium-term.....	644
Table 33 MBRR SA15 – Detail Investment Information.....	66
Table 34 MBRR SA16 – Investment particulars by maturity	66
Table 35 Sources of capital revenue over the MTREF	67
Table 36 MBRR Table SA 17 - Detail of borrowings.....	68
Table 37 MBRR Table SA 18 - Capital transfers and grant receipts.....	69
Table 38 MBRR Table A7 - Budget cash flow statement	70
Table 39 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation	71
Table 40 MBRR SA10 – Funding compliance measurement	73
Table 41 MBRR SA19 - Expenditure on transfers and grant programmes	77
Table 42 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds	78
Table 43 MBRR SA22 - Summary of councillor and staff benefits.....	79
Table 44 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)	80

Table 45 MBRR SA24 – Summary of personnel numbers.....	81
Table 46 MBRR SA25 - Budgeted monthly revenue and expenditure.....	833
Table 47 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote).....	84
Table 48 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)	85
Table 49 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote).....	866
Table 50 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)	877
Table 51 MBRR SA30 - Budgeted monthly cash flow	888
Table 52 MBRR SA32 - List of external mechanisms.....	90
Table 53 MBRR SA 34a - Capital expenditure on new assets by asset class	901
Table 54 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class.....	922
Table 55 MBRR SA34c - Repairs and maintenance expenditure by asset class	933
Table 56 MBRR SA35 - Future financial implications of the capital budget	944
Table 57 MBRR SA36 - Detailed capital budget per municipal vote.....	95
Table 58 MBRR SA37 - Projects delayed from previous financial year.....	96
Table 59 MBRR Table SA1 - Supporting detail to budgeted financial performance	98
Table 60 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department).....	1011
Table 61 MBRR Table SA3 – Supporting detail to Statement of Financial Position	1022
Table 62 MBRR Table SA9 – Social, economic and demographic statistics and assumptions	10303
Table 63 MBRR SA32 – List of external mechanisms.....	10404

List of Figures

Figure 1 Planning, budgeting and reporting cycle.....	50
Figure 2 Definition of performance information concepts.....	511

Abbreviations and Acronyms

ASGISA	Accelerated and Shared Growth Initiative	M	Mayor
BPC	Budget Planning Committee	MBRR	Municipal Budget & Reporting Regulations
CFO	Chief Financial Officer	MEC	Member of the Executive Committee
CM	Municipality Manager	MFMA	Municipal Financial Management Act
CPI	Consumer Price Index	MIG	Municipal Infrastructure Grant
CRRF	Capital Replacement Reserve Fund	MPRA	Municipal Properties Rates Act
DBSA	Development Bank of South Africa	MSA	Municipal Systems Act
DoRA	Division of Revenue Act	MTEF	Medium-term Expenditure Framework
DWA	Department of Water Affairs	MTREF	Medium-term Revenue and Expenditure Framework
EE	Employment Equity	NERSA	National Electricity Regulator South Africa
EEDSM	Energy Efficiency Demand Side Management	NGO	Non-Governmental Organisations
FBS	Free basic services	NKPIs	National Key Performance Indicators
GAMAP	Generally Accepted Municipal Accounting Practice	OHS	Occupational Health and Safety
GDP	Gross Domestic Product	OP	Operational Plan
GDS	Gauteng Growth and Development Strategy	PBO	Public Benefit Organisations
GFS	Government Financial Statistics	PHC	Provincial Health Care
GRAP	General Recognised Accounting Practice	PMS	Performance Management System
HR	Human Resources	PPE	Property Plant and Equipment
HSRC	Human Science Research Council	PPP	Public Private Partnership
IDP	Integrated Development Plan	PTIS	Public Transport Infrastructure System
IT	Information Technology	RG	Restructuring Grant
kℓ	kilolitre	RSC	Regional Services Council
km	kilometre	SALGA	South African Local Government Association
KPA	Key Performance Area	SAPS	South African Police Service
KPI	Key Performance Indicator	SDBIP	Service Delivery Budget
kWh	kilowatt hour		Implementation Plan
ℓ	litre	SMME	Small Micro and Medium Enterprises
LED	Local Economic Development		

Part 1 – Annual Budget

1.1 Mayor’s Report

SPEECH BY THE MAYOR OF UMNGENI MUNICIPALITY

CILLR M.P. MYENI PRESENTED TO THE MUNICIPAL COUNCIL THE 2016/2017, 2017/2018 AND 2018/2019 DRAFT ANNUAL BUDGET IN THE COUNCIL CHAMBERS, HOWICK,

ON WEDNESDAY 30 MARCH 2016

1.2 Council Resolutions

On 30 March 2016 the Council of UMngeni Municipality Local Municipality met in the Council Chambers of uMngeni Municipality to consider the draft annual budget of the municipality for the financial year 2016/17. The Council approved and adopted the following resolutions:

1. That in terms of section 24 of the Municipal Finance Management Act, 56 of 2003, the draft annual budget of uMngeni Municipality for the financial year 2016/2017 and indicative allocations for the two projected outer years 2017/2018 and 2018/2019, and the multi-year and single year capital appropriations are approved as set out in the following tables:

1.1 Budgeted Financial Performance (revenue & expenditure by standard classification)

1.2 Budgeted Financial Performance (revenue and expenditure by municipal vote)

1.3 Budgeted Financial Performance (revenue by source and expenditure by type)

1.4 Single year capital appropriations by municipal vote and standard classification and associated funding by source

2. That the financial position, cash flow, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are adopted as set out in the following tables

2.1 Budgeted Financial Position

2.2 Budgeted Cash Flows

2.3 Cash backed reserves and accumulated surplus reconciliation

2.4 Asset Management

2.5 Basic service delivery measurement

3. That in terms of section 24(2)(c)(i) and (ii) of the Municipal Finance Management Act, 56 of 2003 and sections 74 and 75A of the Local Government: Municipal Systems Act, Act 32 of 2000 as amended, the draft tariffs for the supply of electricity, refuse removal and all other tariffs as set out in Other Supporting Documents be approved.
4. That in terms of section 5 of the Municipal Property Rates Act, 6 of 2004, the draft rates policy be approved
5. That in terms of section 24(2)(c)(v) of the Municipal Finance Management Act, 56 of 2003 the various draft budget-related policies be approved.
6. That in terms of section 14 of the Municipal Property Rates Act, 6 of 2004 the draft rate randage and conditions as set out in Other Supporting Documents be approved.
7. That in terms of section 24(2)(c)(ii) of the Municipal Finance Management Act, 56 of 2003, the measurable performance objectives for draft capital and operating expenditure by vote for each year of the medium term revenue and expenditure framework be approved.
8. That the Basic Services Package of Electricity and Refuse Removal as set out in the Draft Tariff Policy be approved.
9. That the salaries, wages and allowances of all employees must be increased as per Salary and Wage Collective Agreement.
10. Approved in accordance with the gazette on the Remuneration of Public Officer Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published on 21 December 2015 by the Department of Cooperative Governance.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainable, economically and equitably to all communities.

The Municipality's business and service delivery priorities are reviewed as part of this year's planning and budget process. Where appropriate, funds will be transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review will be undertaken of expenditures on non-core and 'nice to have' items. Key areas where savings can be realized will be on telephone and internet usage, printing, workshops, travel, accommodation, and catering.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers.

National Treasury's MFMA Circulars No. 75 was used to guide the compilation of the 2016/17 MTREF.

The main challenges experienced during the compilation of the 2016/17 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects – original allocations had to be reduced to grant funded projects and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2016/17 MTREF process; and
- Availability of affordable capital/borrowing.

The following budget principles and guidelines directly informed the compilation of the 2016/17 MTREF:

- The 2016/2017 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2016/17 annual budget;
- Intermediate service level standards will be used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

Fiscal constraints mean that transfers to municipalities will grow more slowly in the period ahead than they have in the past. Accordingly, municipalities must renew their focus on core service delivery functions and reduce costs without adversely affecting basic services. Furthermore they must ensure that efficiency gains, eradication of non-priority spending (cost containment measures and the reprioritisation of expenditure relating to core infrastructure continue to inform the planning framework.

The state of the economy has an adverse effect on the consumers. As a result municipalities' revenues and cash flows are expected to remain under pressure.

Review of local infrastructure grants

The collaborative review of the local government infrastructure grant system led by the National Treasury is still underway. The first phase of the review, completed in 2014, identified necessary reforms that will be made in 2016/17:

- The rules in the municipal infrastructure will be amended to allow funds to be used to refurbish and replace infrastructure, but only if municipalities demonstrate that assets have been maintained on a regular basis. Maintenance must be budgeted for as part of the normal business of municipalities.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2016/17 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2016/17 MTREF

Details	Adjustment Budget 2015/2016	Budget Year 2016/2017	Budget Year 2017/2018	Budget Year 2018/2019
Total Operating Revenue	322,717,018	371,962,347	399,189,143	420,543,582
Total Operating Expenditure	322,449,062	369,445,404	389,411,478	409,745,326
Surplus/(deficit) for the year	267,956	2,516,943	9,777,665	10,798,256
Total Capital Expenditure	44,408,681	29,147,640	32,764,448	33,785,695

Total operating revenue has increased by 15,3 per cent or R 49,2 million for the 2016/2017 financial year when compared to the 2015/2016 Adjustments Budget. For the two outer years, operational revenue will increase by R 27, 2 million and an increase by 21, 3 million respectively.

Total operating expenditure for the 2016/2017 financial year has been appropriated at R 369,4 million and translates into a budgeted surplus of R 2,5 million. When compared to the 2015/16 Adjustments Budget, operational expenditure has increased by R 46,9 thousand or 14,5 per cent in the 2016/2017 budget and increased to 5,4 and increases to 5,2 per cent for each of the respective outer years of the MTREF. The operating surplus for the two outer years is R 9,7 and R10, 7 million respectively. These surpluses will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R29, 1 million for 2016/2017 is 52.3 per cent less when compared to the 2015/2016 Adjustment Budget. The decrease is due to the Provincial Grant Rollover that was for Mandela Capture Site in the 2015/2016 Adjustments Budget. Capital projects funded through the Municipal Infrastructure Grant and through the Capital Replacement Reserve are included in the 2016/2017 capital budget. Note that the Municipality has reached its prudential borrowing limits and so there is very little scope to substantially increase these borrowing levels over the medium-term.

1.4 Operating Revenue Framework

For uMngeni Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that

we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure 88per cent annual collection rate for property rates and other key service charges, the collection rate for the outer years is 92 percent.
- Electricity tariff increases as approved by the National Energy Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to electricity;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2016/2017 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

KZN222 uMngeni - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source											
Property rates	2	100,902	111,632	119,499	141,136	143,970	143,970	143,970	179,053	190,155	201,374
Property rates - penalties & collection charges		3,868	6,037	6,596	6,243	6,243	6,243	6,243	6,655	7,067	7,484
Service charges - electricity revenue	2	48,718	51,842	52,718	68,177	71,427	71,427	71,427	78,142	85,487	93,523
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	7,809	4,619	5,049	5,233	5,171	5,171	5,171	5,512	5,854	6,199
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		833	728	844	675	673	673	673	716	764	809
Interest earned - external investments		2,513	1,849	2,741	1,513	3,494	3,494	3,494	3,725	3,956	4,189
Interest earned - outstanding debtors		1,683	1,675	1,655	1,838	1,838	1,838	1,838	1,960	2,081	2,204
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		5,579	24,203	21,642	30,372	22,435	22,435	22,435	23,916	25,399	26,897
Licences and permits		1,916	2,045	2,655	2,425	3,226	3,226	3,226	3,439	3,653	3,868
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		40,598	48,265	47,728	51,426	56,642	56,642	56,642	61,469	66,945	65,705
Other revenue	2	30,679	4,239	9,665	9,169	7,597	7,597	7,597	7,375	7,829	8,291
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		245,099	257,134	270,793	318,208	322,717	322,717	322,717	371,962	399,189	420,544

Table 3 Percentage growth in revenue by main revenue source

Description	Budget Year 2015/16	Budget Year 2016/17	Growth %	%	Budget Year 2017/18	Growth %	%	Budget Year 2018/19
Revenue By Source								
Property rates	143,969,677	179,053,401.00	6%	48%	190,154,712.00	6%	48%	201,373,839.00
Property rates - penalties & collection charges	6,242,663	6,654,680.00	6%	2%	7,067,270.00	6%	2%	7,484,239.00
Service charges - electricity revenue	71,427,347	78,141,520.00	9%	21%	85,486,823.00	9%	21%	93,522,584.00
Service charges - refuse revenue	5,170,966	5,512,250.00	6%	1%	5,854,009.00	6%	1%	6,199,393.00
Rental of facilities and equipment	673,023	716,353.00	7%	0%	763,976.00	6%	0%	809,051.00
Interest earned - external investments	3,494,073	3,724,682.00	6%	1%	3,955,612.00	6%	1%	4,188,998.00
Interest earned - outstanding debtors	1,838,495	1,959,837.00	6%	1%	2,081,347.00	6%	1%	2,204,146.00
Fines	22,435,186	23,915,908.00	6%	6%	25,398,694.00	6%	6%	26,897,217.00
Licences and permits	3,226,490	3,439,439.00	6%	1%	3,652,684.00	6%	1%	3,868,192.00
Transfers recognised - operational	56,642,000	61,469,000.00	9%	17%	66,945,000.00	-2%	17%	65,705,000.00
Other revenue	7,597,096	7,375,277.00	6%	2%	7,829,016.00	6%	2%	8,290,928.00
NET OPERATING INCOME	322,717,017.95	371,962,347.00		100.00%	399,189,143.00		100.00%	420,543,582.00

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise more than two thirds of the total revenue mix. In the 2015/2016 financial year (adjusted budget), revenue from rates and services charges totalled R 226,8 million. This increases to 269, 3 million, R 28.8, 5 million and R308,5 million in the respective financial years of the MTREF. This growth can be mainly attributed to the supplementary valuation rolls and the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity. The above table includes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 59 MBRR SA1 (see page 96).

Property rates are the largest revenue source totalling 48, 0 per cent or R179,0 million rand and increases to R190,1 million by 2017/2018. The second largest source is user charges for services which consists of sale of electricity and refuse removal charges. Operating Grants & Subsidies are the third largest revenue source totalling 17 per cent in 2016/2017 and remains at 17 per cent in 2017/2018. Departments have been urged to review the tariffs of items like building plan fees, connection fees, advertisements and permits and licenses on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R 61, 4 million in the 2016/2017 financial year and steadily increases to R66,9 million by 2017/2018. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

KZN222 uMngeni - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		38,897	43,831	44,911	48,500	53,528	53,528	58,268	63,610	62,199
Local Government Equitable Share		29,961	37,208	40,229	40,132	40,132	40,132	44,429	49,458	54,283
Municipal Systems Improvement		342	966	1,315	930	930	930	-	-	-
Finance Management		2,232	2,673	1,977	1,600	1,600	1,600	1,625	1,700	1,955
EPWP Incentive		1,021	2,984	972	1,438	1,466	1,466	1,317	-	-
Integrated National Electrification Programme		-	-	418	-	5,000	5,000	6,000	7,000	-
Other transfers/grants [insert description]		5,341	-	-	4,400	4,400	4,400	4,897	5,452	5,981
Provincial Government:		1,701	4,434	2,913	3,142	4,011	4,011	3,201	3,335	3,506
		1,562	2,672	2,752	2,976	2,976	2,976	2,668	2,774	2,919
		134	284	161	166	656	656	175	184	193
		5	1,320	-	-	25	25	-	-	-
Other transfers/grants [insert description]		-	158	-	-	354	354	358	377	394
District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
Other grant providers: [insert description]		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	40,598	48,265	47,824	51,642	57,540	57,540	61,469	66,945	65,705
Capital Transfers and Grants										
National Government:		24,364	19,487	21,415	27,249	22,384	22,384	21,866	23,508	24,653
Municipal Infrastructure Grant (MIG)		24,364	18,912	21,415	22,249	22,249	22,249	21,866	23,506	24,653
Dept of Energy- NATIONAL GRANT		-	575	-	5,000	135	135	-	-	-
Other capital transfers/grants [insert desc]		-	-	-	-	-	-	-	-	-
Provincial Government:		2,409	8,641	32,312	-	19,927	19,927	-	-	-
Mandela Capture site		2,409	8,641	32,312	-	19,927	19,927	-	-	-
District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
Other grant providers: [insert description]		-	-	-	-	1,391	1,391	-	-	-
Total Capital Transfers and Grants	5	26,774	28,128	53,727	27,249	43,702	43,702	21,866	23,506	24,653
TOTAL RECEIPTS OF TRANSFERS & GRANTS		67,372	76,393	101,551	78,891	101,242	101,242	83,335	90,451	90,358

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6,6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the Municipality.

Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circulars No. 66 and 67 deals, inter alia, with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0.25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R105 000 reduction on the market value of a property will be granted in terms of the Municipality's own Property Rates Policy;
- 30 per cent rebate will be granted on all residential properties;
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 60 per cent will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not exceed R9000 per month. In this regard the following stipulations are relevant:
 - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
 - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
 - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
 - The property must be categorized as residential.
- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Council in the prescribed format for such a grant.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2016/2017 financial year based on the proposed rate randage of 1.35 cents in the Rand from 1 July 2016 is contained below:

Table 5 Comparison of proposed rates to be levied for the 2016/2017 financial year

Category	Category	Current Tariff (1 July 2015)	Proposed Tariff (1 July 2016)	Proposed Reba (from 1 July 20
		C	C	%
Residential	1	1.27 c/R	1.35c/R	30%
Industrial	2	1.27 c/R	1.35c/R	0%
Business & Commercial	3	1.27 c/R	1.35c/R	0%
Rural- Agriculture	4	1.27 c/R	1.35c/R	82.5%
Rural – Commercial	5	1.27 c/R	1.35c/R	30%
Rural-Residential	6	1.27 c/R	1.35c/R	30%
State Owned Properties	7	1.27 c/R	1.35c/R	30%
Municipal Properties	8	1.27 c/R	1.35c/R	100%
Public Service Infrastructure (Roads)	9	1.27 c/R	1.35c/R	As per the new MP
Public Service Infrastructure (Other)	10	1.27 c/R	1.35c/R	As per the new MP
Private Towns	11	1.27 c/R	1.35c/R	0%
Informal Settlements	12	1.27 c/R	1.35c/R	30%
Mining & Quarries	13	1.27 c/R	1.35c/R	20%
Vacant Land	14	1.27 c/R	1.35c/R	0%
Protected Areas	15	1.27 c/R	1.35c/R	100%
National Monuments	16	1.27 c/R	1.35c/R	100%
Multi-Purpose	17	1.27 c/R	1.35c/R	0%
Bulk Development Land	18	1.27 c/R	1.35c/R	40%

1.4.2 Sale of Electricity and Impact of Tariff Increases

In terms of the Multi Year Price Determination (MYPD) for Eskom's tariffs approved by the National Energy Regulator of South Africa (Nersa), a tariff increase of 9.4 per cent has been approved for the 2016/17 financial year. However NERSA has not yet approved and published guidelines on municipal electricity price increase for 2016/17 financial year.

Registered indigents will again be granted 100 kWh per 30-day period free of charge.

The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for domestic customers:

Table 6 Comparison between current electricity charges and increases (Domestic)

Monthly Consumption kWh	Current Tariffs Payable	Proposed Tariffs Payable	Percentage Increase Increase
1-50 kWh	79c/kWh	86c/kWh	9.4%
51-350 kWh	101c/kWh	110c/kWh	9.4%
351-600 kWh	135c/kWh	148c/kWh	9.4%
601kWh and above	160c/kWh	175c/kWh	9.4%

During his budget speech on 25 February 2016, the Minister of Finance announced that electricity levy will be increased by 2 cents per kWh. A special municipal circular will be issued in due course to guide municipalities on the implementation of the 2 cents per kWh electricity level. In interim municipalities are advised to use the guideline issued by NERSA to set their tariffs for the 2015/16 financial year.

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented from 1 July 2014. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor). This Municipality has already implemented the stepped tariff structure from 1 July 2010 and will continue with this practice in 2016/2017.

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the Municipality. Most of the suburbs and inner Municipality reticulation network was designed or strengthened in the early 1980's with an expected 20-25 year life-expectancy. The upgrading of the Municipality's electricity network has therefore become a strategic priority, especially the substations and transmission lines.

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers. As part of the 2016/2017 medium-term

capital programme, funding has been allocated to electricity infrastructure but these funding levels will require further investigation as part of the next budget cycle in an attempt to source more funding to ensure this risk is mitigated.

1.4.3 Waste Removal and Impact of Tariff Increases

It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term.

A 6,6 per cent increase in the waste removal tariff is proposed from 1 July 2016. Higher increases will not be viable in 2016/2017 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 6,6 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2016:

Table 7 Comparison between current waste removal fees and increases

Type of Consumer	Description	Current Tariffs	Proposed Tariffs
		2015/2016	2016/2017
Domestic Consumers	Consumers /Ratepayers with total market value per property up to R200 000	Free	Free
Commercial / Consumers	Consumer/Ratepayers with property values in excess of R200 000	R 57.40 per month	R 61.19 per month
	One Collection per week per 120 litre bin	R 107.19 per month	R 114.26 per month
Government	One Collection per week per 120 litre bin	R 95.28 per month	R101.57 per month

1.4.4 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to between 6,6 to 7 percent, with the increase for indigent households closer to 6,6per cent. Electricity increases however impacts on the total household bill.

Table 8 MBRR Table SA14 – Household bills

KZN222 uMngeni - Supporting Table SA14 Household bills											
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16 % Incr.	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		5,067.30	5,422.90	5,748.27	6,093.17	5,812.00	5,812.00	12.9%	6,567.56	6,567.56	6,567.56
Electricity: Basic levy		79.80	84.27	89.32	94.67	91.36	91.36	12.0%	102.51	102.51	102.51
Electricity: Consumption		766.00	905.00	959.30	1,016.86	986.37	989.37	11.8%	1,106.70	1,106.70	1,106.70
Water: Basic levy		-	-	-	-	-	-	-	-	-	-
Water: Consumption		-	-	-	-	-	-	-	-	-	-
Sanitation		-	-	-	-	-	-	-	-	-	-
Refuse removal		42.86	45.40	48.12	51.00	50.45	50.45	6.0%	53.77	53.77	53.77
Other		-	-	-	-	-	-	-	-	-	-
sub-total		5,955.96	6,457.57	6,845.01	7,255.70	6,940.18	6,943.18	7.9%	7,830.54	7,830.54	7,830.54
VAT on Services		-	-	-	-	-	-	-	-	-	-
Total large household bill:		5,955.96	6,457.57	6,845.01	7,255.70	6,940.18	6,943.18	7.9%	7,830.54	7,830.54	7,830.54
% Increase/-decrease			8.4%	6.0%	6.0%	(4.3%)	0.0%	12.8%	-	-	-
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		3,644.87	3,900.65	4,124.69	4,372.17	4,634.50	4,634.50	19.7%	5,551.20	5,551.20	5,551.20
Electricity: Basic levy		79.80	84.27	89.33	100.23	106.24	106.24	18.6%	126.34	126.34	126.34
Electricity: Consumption		373.80	379.00	401.74	425.84	451.39	451.39	12.4%	507.18	507.18	507.18
Water: Basic levy		-	-	-	-	-	-	-	-	-	-
Water: Consumption		-	-	-	-	-	-	-	-	-	-
Sanitation		-	-	-	-	-	-	-	-	-	-
Refuse removal		42.80	45.40	48.12	51.01	54.07	54.07	52.8%	64.76	64.76	64.76
Other		-	-	-	-	-	-	-	-	-	-
sub-total		4,141.27	4,409.32	4,663.88	4,949.25	5,246.20	5,246.20	26.3%	6,249.48	6,249.48	6,249.48
VAT on Services		-	-	-	-	-	-	-	-	-	-
Total small household bill:		4,141.27	4,409.32	4,663.88	4,949.25	5,246.20	5,246.20	26.3%	6,249.48	6,249.48	6,249.48
% Increase/-decrease			6.5%	5.8%	6.1%	6.0%	-	19.1%	-	-	-
Monthly Account for Household - 'Indigent'	3										
Household receiving free basic services											
Rates and services charges:											
Property rates		3,644.87	3,900.65	4,134.69	4,382.77	4,645.74	4,645.74	13.0%	5,249.69	5,249.69	5,249.69
Electricity: Basic levy		79.80	84.27	89.33	94.69	106.24	106.24	12.0%	119.20	119.20	119.20
Electricity: Consumption		373.80	379.00	401.74	425.84	477.79	477.79	12.3%	536.08	536.08	536.08
Water: Basic levy		-	-	-	-	-	-	-	-	-	-
Water: Consumption		-	-	-	-	-	-	-	-	-	-
Sanitation		-	-	-	-	-	-	-	-	-	-
Refuse removal		42.80	45.40	48.12	51.07	54.13	54.13	5.5%	57.38	57.38	57.38
Other		-	-	-	-	-	-	-	-	-	-
sub-total		4,141.27	4,409.32	4,673.88	4,954.37	5,283.90	5,283.90	20.3%	5,962.35	5,962.35	5,962.35
VAT on Services		-	-	-	-	-	-	-	-	-	-
Total small household bill:		4,141.27	4,409.32	4,673.88	4,954.37	5,283.90	5,283.90	20.3%	5,962.35	5,962.35	5,962.35
% increase/-decrease			6.5%	6.0%	6.0%	6.7%	-	12.8%	-	-	-

Operating Expenditure Framework

The Municipality's expenditure framework for the 2016/2017 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;

- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

Expenditure By Type											
Employee related costs	2	75,704	65,979	83,397	103,729	96,424	96,424	96,424	102,091	103,753	110,896
Remuneration of councillors		5,465	5,745	6,119	6,727	7,092	7,092	7,092	7,763	8,151	8,558
Debt impairment	3	14,543	21,453	22,033	21,462	22,100	22,100	22,100	22,878	24,297	25,730
Depreciation & asset impairment	2	57,935	37,598	41,825	11,232	11,232	11,232	11,232	28,974	30,770	32,586
Finance charges		4,597	4,297	4,303	4,760	4,760	4,760	4,760	5,127	5,445	5,767
Bulk purchases	2	60,662	65,893	72,286	80,432	88,632	88,632	88,632	96,964	106,078	116,050
Other materials	8										
Contracted services		1,115	1,950	3,110	10,249	12,128	12,128	12,128	12,929	13,730	14,540
Transfers and grants		5,110	10,867	7,162	7,110	3,250	3,250	3,250	3,465	3,680	3,897
Other expenditure	4, 5	34,470	69,444	59,260	71,481	76,831	76,831	76,831	89,255	93,507	91,722
Loss on disposal of PPE		22	9	-							
Total Expenditure		259,623	283,234	299,494	317,183	322,449	322,449	322,449	369,445	389,411	409,745

The budgeted allocation for employee related costs for the 2016/2017 financial year totals R102,0 million, which equals 27,6 per cent of the total operating expenditure. Salary increases have been factored into this budget at a percentage increase of 7.6 per cent for the 2016/2017 financial year. An annual increase of 7.2 per cent has been included in the two outer years of the MTREF. As part of the planning assumptions and interventions only critical vacancies were originally budgeted with a 0.076% increase as per the Salary Wage Agreement.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R 28, 9 million for the 2016/2017 financial and equates to 8 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 1.3 per cent (R5, 1 million) of operating expenditure excluding annual redemption for 2016/2017 and increases to R 5, 4 million in 2017/18. As previously noted, the Municipality has reached its prudential limits for borrowing – hence the planned borrowing to finance the capital budget does not result in finance charges as a percentage of operational expenditure increasing – rather it is kept close to 6.1 per cent over the MTREF.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Contracted services have been identified as a cost saving area for the Municipality. As part of the compilation of the 2016/2017 MTREF this group of expenditure was critically evaluated and

operational efficiencies were enforced. In the 2016/17 financial year, this group of expenditure totals R12, 9 million. For the two outer years growth has been limited to R 13, 7 and R14, 5 million respectively. As part of the process of identifying further cost efficiencies, a business process reengineering project will commence in the 2016/2017 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out. The outcome of this exercise will be factored into the next budget cycle and it is envisaged that additional cost savings will be implemented.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited to 24, 6 per cent for 2016/2017 and curbed at 24, 1 per cent for the two outer years, indicating that significant cost savings have been already realised.

1.4.5 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2016/2017 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 9 Operational repairs and maintenance

During the compilation of the 2016/2017 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end, repairs and maintenance was substantially increased by in the 2016/2017 financial year, from R 18, 0 million to R21, 5million. The total allocation for 2016/2017 equates to R21, 5million.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

KZN222 uMngeni - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description		Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Repairs and maintenance expenditure by Asset Class/Sub-class											
Infrastructure			–	–	6,100	14,699	9,699	9,699	10,294	10,932	11,577
Infrastructure - Road transport			–	–	3,940	9,125	8,125	8,125	7,708	8,186	8,669
Roads, Pavements & Bridges					3,940	7,050	7,050	7,050	7,551	8,019	8,492
Storm water					–	2,075	1,075	1,075	157	167	177
Infrastructure - Electricity			–	–	2,160	5,574	1,574	1,574	2,586	2,746	2,908
Generation					–	–	–	–			
Transmission & Reticulation					2,160	5,574	1,574	1,574	2,586	2,746	2,908
Street Lighting					–	–	–	–			
Infrastructure - Water			–	–	–	–	–	–	–	–	–
Dams & Reservoirs											
Water purification					–	–	–	–			
Reticulation											
Infrastructure - Sanitation			–	–	–	–	–	–	–	–	–
Reticulation											
Sewerage purification											
Infrastructure - Other			–	–	–	–	–	–	–	–	–
Waste Management											
Transportation											
Gas											
Other											
Community			4,932	6,333	6,247	10,042	8,397	8,397	11,267	11,716	12,407
Parks & gardens					–	–	–	–			
Sportsfields & stadia					307	959	959	959	815	866	917
Swimming pools					–	–	–	–	–	–	–
Community halls					107	273	273	273	1,706	1,812	1,919
Libraries					269	570	570	570	414	440	466
Recreational facilities					–	–	–	–	–	–	–
Fire, safety & emergency					–	7	7	7	–	–	–
Security and policing					–	794	794	794	252	268	284
Buses					–	–	–	–	–	–	–
Clinics					–	–	–	–	–	–	–
Museums & Art Galleries					–	–	–	–	–	–	–
Cemeteries					–	–	–	–	–	–	–
Social rental housing					–	283	283	283	259	275	292
Other			4,932	6,333	5,564	7,156	5,511	5,511	7,820	8,055	8,530
Heritage assets			–	–	–	–	–	–	–	–	–
Buildings											
Other											
Investment properties			–	–	–	–	–	–	–	–	–
Housing development											
Other											
Other assets			–	–	–	–	–	–	–	–	–
General vehicles											
Specialised vehicles			–	–	–	–	–	–	–	–	–
Plant & equipment											
Computers - hardware/equipment											
Furniture and other office equipment											
Abattoirs											
Markets											
Civic Land and Buildings											
Other Buildings											
Other Land											
Surplus Assets - (Investment or Inventory)											
Other											
Agricultural assets			–	–	–	–	–	–	–	–	–
List sub-class											
Biological assets			–	–	–	–	–	–	–	–	–
List sub-class											
Intangibles			–	–	–	–	–	–	–	–	–
Computers - software & programming					–						
Other (list sub-class)											
Total Repairs and Maintenance Expenditure		1	4,932	6,333	12,347	24,741	18,096	18,096	21,561	22,648	23,984
Specialised vehicles			–	–	–	–	–	–	–	–	–
Refuse											
Fire											
Conservancy											
Ambulances											
R&M as a % of PPE			0.6%	0.8%	1.6%	3.1%	2.3%	2.3%	2.8%	2.9%	3.1%
R&M as % Operating Expenditure			1.9%	2.2%	4.1%	7.6%	5.6%	5.6%	5.8%	5.8%	5.8%

For the 2016/2017 financial year, 48per cent or R21.1 million of total repairs and maintenance will be spent on infrastructure assets. Community assets have been allocated R11, 2million of total repairs and maintenance equating to 52 per cent. This is to comply with the requirements of National Treasury Circulars 66 & 67 to budget for at least 8% of Property, Plant & Equipment for renewal and operational repairs and maintenance of existing asset infrastructure.

1.4.6 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. There is currently plus minus 2774 debtors registered as indigent and the target is to register 500 or more indigent households during the 2016/2017 financial year, a process reviewed every six months.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.5 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 10 2016/17 Medium-term capital budget per vote

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1										
Single-year expenditure to be appropriated	2										
Vote 1 - Executive and Council		-	-	-	-	79	79	79	175	186	197
Vote 2 - Finance		-	-	-	-	127	127	127	139	148	157
Vote 3 - Corporate Services		-	-	-	-	266	266	266	292	311	330
Vote 4 - Planning Services		-	2,462	32,312	-	20,031	20,031	20,031	114	122	129
Vote 5 - Community Services		-	-	3,223	3,500	3,728	3,728	3,728	2,251	267	283
Vote 6 - Technical Services		26,858	30,098	19,926	18,749	20,044	20,044	20,044	26,176	23,730	26,690
Vote 7 - Economic Development and Growth		-	-	-	-	-	-	-	-	-	-
Vote 8 - Internal Audit		-	-	-	-	-	-	-	-	-	-
Vote 9 - Electricity		-	575	615	5,000	135	135	135	-	8,000	8,000
Capital single-year expenditure sub-total		26,858	33,135	56,276	27,249	44,409	44,409	44,409	29,148	32,764	35,786
Total Capital Expenditure - Vote		26,858	33,135	56,276	27,249	44,409	44,409	44,409	29,148	32,764	35,786

For 2016/2017 an amount of R 29, 1 million has been appropriated for the development of infrastructure which represents 89, 8 per cent of the total capital budget. In the outer years this amount totals R23, 7million, 72, 4 per cent and R26, 6million respectively for each of the financial years.

Further detail relating to asset classes and proposed capital expenditure is contained in Table 22 MBRR A9 (Asset Management) on page 34.

1.6 Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2016/2017 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 11 MBRR Table A1 - Budget Summary

KZN222 uMngeni - Table A1 Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousands										
Financial Performance										
Property rates	104,770	117,669	126,096	147,379	150,212	150,212	150,212	185,708	197,222	208,858
Service charges	56,527	56,461	57,768	73,410	76,598	76,598	76,598	83,654	91,341	99,722
Investment revenue	828	1,849	2,741	1,513	3,494	3,494	3,494	3,725	3,956	4,189
Transfers recognised - operational	40,598	48,265	47,728	51,426	56,642	56,642	56,642	61,469	66,945	65,705
Other own revenue	15,185	33,158	36,461	44,480	35,770	35,770	35,770	37,407	39,726	42,070
Total Revenue (excluding capital transfers and contributions)	217,909	257,403	270,793	318,208	322,717	322,717	322,717	371,962	399,169	420,544
Employee costs	75,704	65,979	83,397	103,729	96,424	96,424	96,424	102,091	103,753	110,866
Remuneration of councillors	5,465	5,745	6,119	6,727	7,092	7,092	7,092	7,763	8,151	8,558
Depreciation & asset impairment	57,935	37,598	41,825	11,232	11,232	11,232	11,232	28,974	30,770	32,586
Finance charges	4,597	4,297	4,303	4,760	4,760	4,760	4,760	5,127	5,445	5,787
Materials and bulk purchases	60,662	65,893	72,286	80,432	88,632	88,632	88,632	96,964	106,078	116,050
Transfers and grants	5,110	10,867	7,162	7,110	3,250	3,250	3,250	3,465	3,680	3,897
Other expenditure	50,150	92,855	84,402	103,193	111,059	111,059	111,059	125,062	131,534	131,993
Total Expenditure	259,623	283,234	299,494	317,183	322,449	322,449	322,449	369,445	389,411	409,745
Surplus/(Deficit)	(41,713)	(25,831)	(28,701)	1,025	268	268	268	2,517	9,778	10,798
Transfers recognised - capital	26,774	28,128	55,249	27,249	22,249	22,249	22,249	21,866	23,506	24,653
Contributions recognised - capital & contributed	-	139	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(14,940)	2,436	26,548	28,274	22,517	22,517	22,517	24,383	33,284	35,451
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(14,940)	2,436	26,548	28,274	22,517	22,517	22,517	24,383	33,284	35,451
Capital expenditure & funds sources										
Capital expenditure	26,858	33,135	56,276	27,249	44,409	44,409	44,409	29,148	32,764	33,786
Transfers recognised - capital	26,858	28,128	55,249	27,249	43,567	43,567	43,567	21,866	23,506	24,453
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	5,007	1,027	-	841	841	841	7,282	9,258	9,333
Total sources of capital funds	26,858	33,135	56,276	27,249	44,409	44,409	44,409	29,148	32,764	33,786
Financial position										
Total current assets	108,916	80,352	94,615	134,985	103,118	103,118	103,118	90,441	92,979	94,728
Total non current assets	780,490	786,445	799,617	802,843	807,748	807,748	807,748	789,524	781,035	773,566
Total current liabilities	55,437	50,576	48,778	32,459	28,337	28,337	28,337	29,181	27,153	26,239
Total non current liabilities	71,066	77,475	78,401	38,671	48,102	48,102	48,102	46,119	45,091	47,055
Community wealth/Equity	762,904	760,505	787,052	866,497	834,427	834,427	834,427	804,865	801,770	795,001
Cash flows										
Net cash from (used) operating	30,452	69,099	92,893	30,283	17,093	17,093	17,093	33,225	42,374	44,719
Net cash from (used) investing	(24,364)	(51,617)	(90,827)	(27,249)	(36,175)	(36,175)	(36,175)	(29,148)	(32,764)	(35,786)
Net cash from (used) financing	(2,368)	(2,445)	(2,638)	(2,650)	(2,581)	(2,581)	(2,581)	(2,940)	(3,037)	(3,214)
Cash/cash equivalents at the year end	(2,275)	12,763	8,103	8,761	24,988	24,988	24,988	26,126	32,699	38,419
Cash backing/surplus reconciliation										
Cash and investments available	12,574	38,474	46,652	26,926	24,989	24,989	24,989	26,126	32,699	38,419
Application of cash and investments	(2,864)	1,353	4,944	(39,873)	(43,242)	(43,242)	(43,242)	(30,692)	(29,391)	(27,041)
Balance - surplus (shortfall)	15,438	37,121	41,708	66,799	68,231	68,231	68,231	56,818	62,090	65,459
Asset management										
Asset register summary (WDV)	777,502	769,733	799,617	802,643	819,802	819,802	819,483	819,483	842,989	869,442
Depreciation & asset impairment	57,935	37,598	41,825	11,232	11,232	11,232	28,974	28,974	30,770	32,586
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	4,932	6,333	12,347	24,741	18,086	18,086	21,561	21,561	22,648	23,984
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	51,354	33,598	35,613	101,503	92,087	92,087	43,152	43,152	41,904	44,502
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 12 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

KZN222 uMngeni - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		137,223	148,170	225,241	191,126	196,128	196,128	233,293	249,650	266,124
Executive and council		107,689	112,815	195,694	186,039	189,021	189,021	225,824	241,742	257,595
Budget and treasury office		28,232	34,542	28,601	4,207	6,258	6,258	6,564	6,945	7,510
Corporate services		1,302	813	945	881	850	850	906	962	1,019
<i>Community and public safety</i>		13,383	34,941	32,776	41,153	35,768	35,768	36,991	35,697	37,778
Community and social services		1,882	3,235	5,035	3,528	3,999	3,999	3,595	3,753	3,949
Sport and recreation		5	153	172	3,681	3,508	3,508	2,007	8	8
Public safety		11,497	31,553	27,569	33,943	28,261	28,261	31,389	31,936	33,821
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		437	560	650	24,805	19,777	19,777	20,922	24,627	25,840
Planning and development		357	541	629	1,031	1,004	1,004	1,030	1,094	1,158
Road transport		80	19	20	23,773	18,773	18,773	19,892	23,533	24,682
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		66,866	73,732	67,375	88,373	93,293	93,293	102,622	112,721	115,455
Electricity		53,823	59,281	56,907	76,936	81,917	81,917	90,204	99,179	100,821
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		13,042	14,451	10,468	11,437	11,375	11,375	12,418	13,541	14,634
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	217,909	257,403	326,042	345,457	344,966	344,966	393,828	422,695	445,197
Expenditure - Standard										
<i>Governance and administration</i>		49,872	92,895	107,732	70,363	79,506	79,506	124,561	132,310	140,641
Executive and council		23,226	56,543	38,005	34,257	34,348	34,348	47,005	49,968	52,994
Budget and treasury office		16,452	20,162	61,113	20,655	32,282	32,282	50,481	53,707	57,182
Corporate services		10,194	16,190	8,614	15,451	12,875	12,875	27,075	28,635	30,465
<i>Community and public safety</i>		70,849	67,685	52,784	64,859	64,677	64,677	54,815	53,035	56,370
Community and social services		8,375	7,783	19,159	22,191	25,202	25,202	15,160	16,134	17,128
Sport and recreation		8,450	8,411	8,864	11,229	8,852	8,852	8,554	9,159	9,779
Public safety		10,149	23,984	23,645	29,556	29,773	29,773	29,569	26,101	27,709
Housing		43,875	27,508	1,117	1,883	849	849	1,532	1,641	1,753
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		37,794	25,508	38,195	51,404	41,490	41,490	43,011	44,073	46,908
Planning and development		8,375	6,603	9,463	8,884	8,737	8,737	6,616	6,652	7,099
Road transport		29,419	18,904	28,731	42,520	32,753	32,753	36,394	37,420	39,809
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		101,057	97,142	100,778	130,487	136,771	136,771	147,052	159,987	165,820
Electricity		84,350	80,456	80,391	99,981	108,716	108,716	122,042	133,340	137,507
Water		-	-	-	-	-	-	-	-	-
Waste water management		3,685	2,740	3,006	5,688	2,557	2,557	2,719	2,911	3,107
Waste management		13,022	13,946	17,381	24,817	25,498	25,498	22,291	23,737	25,206
<i>Other</i>	4	51	5	5	71	6	6	6	6	7
Total Expenditure - Standard	3	259,623	283,234	299,494	317,183	322,449	322,449	369,445	389,411	409,745
Surplus/(Deficit) for the year		(41,713)	(25,831)	26,548	28,274	22,517	22,517	24,383	33,284	35,451

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 9 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for the Electricity function, but not the Waste management function.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under Executive & Council.

Table 13 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

KZN222 uMngeni - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

ZINZ22 umlight • Table A5 Budgeted Financial Performance (Revenue and Expenditure by Municipal Vote)

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Revenue by Vote										
Vote 1 - Executive and Council	1	107,689	112,815	195,694	186,039	189,021	189,021	225,824	241,742	257,595
Vote 2 - Finance		28,232	34,542	28,601	4,207	6,258	6,258	6,564	6,945	7,510
Vote 3 - Corporate Services		1,382	1,023	3,026	1,187	1,156	1,156	1,233	1,309	1,386
Vote 4 - Planning Services		357	541	629	1,031	1,004	1,004	1,030	1,094	1,158
Vote 5 - Community Services		9,303	29,434	27,435	36,893	31,481	31,481	32,667	32,504	34,396
Vote 6 - Technical Services		16,911	19,767	13,748	39,163	34,129	34,129	36,307	39,921	42,330
Vote 7 - Economic Development and Growth		-	-	-	-	-	-	-	-	-
Vote 8 - Internal Audit		211	-	-	-	-	-	-	-	-
Vote 9 - Electricity		53,823	59,281	56,907	76,936	81,917	81,917	90,204	99,179	100,821
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	217,909	257,403	326,042	345,457	344,966	344,966	393,828	422,695	445,197
Expenditure by Vote to be appropriated										
Vote 1 - Executive and Council	1	23,496	57,316	39,654	36,314	36,137	36,137	50,756	53,723	56,894
Vote 2 - Finance		16,452	20,162	61,113	20,655	32,282	32,282	50,481	53,707	57,182
Vote 3 - Corporate Services		10,194	13,438	16,429	23,981	24,213	24,213	25,495	27,186	28,907
Vote 4 - Planning Services		8,375	6,603	9,463	8,864	8,737	8,737	6,616	6,652	7,099
Vote 5 - Community Services		67,652	64,238	39,307	49,464	47,162	47,162	47,768	45,508	48,352
Vote 6 - Technical Services		44,979	38,188	49,715	74,195	61,600	61,600	62,223	64,944	69,056
Vote 7 - Economic Development and Growth		2,307	2,303	2,300	2,627	2,405	2,405	2,614	2,799	2,990
Vote 8 - Internal Audit		1,818	529	1,120	1,083	1,198	1,198	1,448	1,552	1,659
Vote 9 - Electricity		84,351	80,456	80,391	99,981	108,716	108,716	122,042	133,340	137,507
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	259,623	283,234	299,494	317,183	322,449	322,449	369,445	389,411	409,745
Surplus/(Deficit) for the year	2	(41,713)	(25,831)	26,548	28,274	22,517	22,517	24,383	33,284	35,451

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity trading service.

Table 14 Surplus/(Deficit) calculations for the trading services

Description	2012/2013	2013/2014	2014/2015	2015/2016				Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/2017	Budget Year +1 2017/2018	Budget Year +2 2018/2019
<u>electricity</u>										
Total revenue (incl capital grants and transfers)	59,517	53,823	56,907	76,936	81,917	81,917	81,917	90,204	99,179	100,821
Operating Expenditure	81,813	84,351	80,456	80,391	99,981	108,716	108,716	122,042	133,340	137,507
Surplus/ Deficit for the year	-22,296	-30,528	-23,549	-3,455	-18,064	-26,798	-26,798	-31,839	-34,161	-36,686
Percentage Surplus	-37%	-57%	-41%	-4%	-22%	-33%	-33%	-35%	-34%	-36%

2. The electricity trading deficit is a major concern over the 2016/17 MTREF averaging -35 percent over the MTREF. This is primarily as a result of the high increases in Eskom bulk purchases, distribution losses through tampering, theft, illegal connections and the tariff setting policy of the municipality to buffer the impact of these increases on individual consumers.
3. Note that the deficit on the electricity account is *cross-subsidise by rates and other municipal services*.

Table 15 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

KZN222 uMngeni - Table A4 Budgeted Financial Performance (revenue and expenditure)

KZN222 uMngent - Table A4 Budgeted Financial Performance (revenue and expenditure)									2016/17 Medium Term Revenue & Expenditure Framework		
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				Budget Year	Budget Year	Budget Year
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	2015/17	+1 2017/18	+2 2018/19
Revenue By Source											
Property rates	2	100,902	111,632	119,499	141,136	143,970	143,970	143,970	179,053	190,155	201,374
Property rates - penalties & collection charges		3,868	6,037	6,596	6,243	6,243	6,243	6,243	6,655	7,067	7,484
Service charges - electricity revenue	2	48,718	51,842	52,718	68,177	71,427	71,427	71,427	78,142	85,487	93,523
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	7,809	4,619	5,049	5,233	5,171	5,171	5,171	5,512	5,854	6,199
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		833	728	844	675	673	673	673	716	764	809
Interest earned - external investments		829	1,849	2,741	1,513	3,494	3,494	3,494	3,725	3,956	4,189
Interest earned - outstanding debtors		1,683	1,675	1,655	1,838	1,838	1,838	1,838	1,960	2,081	2,204
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		5,579	24,203	21,642	30,372	22,435	22,435	22,435	23,916	25,399	26,897
Licences and permits		1,916	2,045	2,655	2,425	3,226	3,226	3,226	3,439	3,653	3,868
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		40,598	48,265	47,728	51,426	56,642	56,642	56,642	61,469	66,945	66,705
Other revenue	2	5,173	4,508	8,665	9,169	7,597	7,597	7,587	7,375	7,829	8,291
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		217,909	257,403	270,793	318,208	322,717	322,717	322,717	371,962	399,189	420,544
Expenditure By Type											
Employee related costs	2	75,704	65,979	83,397	103,729	96,424	96,424	96,424	102,091	103,753	110,896
Remuneration of councillors		5,465	5,745	6,119	6,727	7,092	7,092	7,092	7,763	8,151	8,558
Debt impairment	3	14,543	21,453	22,033	21,462	22,100	22,100	22,100	22,878	24,297	25,730
Depreciation & asset impairment	2	57,935	37,598	41,825	11,232	11,232	11,232	11,232	28,974	30,770	32,586
Finance charges		4,597	4,297	4,303	4,760	4,760	4,760	4,760	5,127	5,445	5,767
Bulk purchases	2	60,662	65,893	72,288	80,432	88,632	88,632	88,632	96,964	106,078	116,050
Other materials	8	-	-	-	-	-	-	-	-	-	-
Contracted services		1,115	1,950	3,110	10,249	12,128	12,128	12,128	12,929	13,730	14,540
Transfers and grants		5,110	10,867	7,162	7,110	3,250	3,250	3,250	3,465	3,680	3,897
Other expenditure	4, 5	34,470	68,444	59,260	71,481	76,831	76,831	76,831	89,255	93,507	91,722
Loss on disposal of PPE		22	9	-	-	-	-	-	-	-	-
Total Expenditure		259,623	283,234	299,494	317,183	322,449	322,449	322,449	369,445	389,411	409,745
Surplus/(Deficit)		(41,713)	(25,831)	(28,701)	1,025	268	268	268	2,517	9,778	10,798
Transfers recognised - capital		26,774	28,128	55,249	27,249	22,249	22,249	22,249	21,866	23,506	24,653
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
Contributed assets		-	139	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(14,940)	2,436	26,548	28,274	22,517	22,517	22,517	24,383	33,284	35,451
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		(14,940)	2,436	26,548	28,274	22,517	22,517	22,517	24,383	33,284	35,451
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(14,940)	2,436	26,548	28,274	22,517	22,517	22,517	24,383	33,284	35,451
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		(14,940)	2,436	26,548	28,274	22,517	22,517	22,517	24,383	33,284	35,451

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R 371, 9 million in 2016/2017 and escalates to R 399, 1 million by 2017/2018. This represents a year-on-year increase of 15, 0 per cent for the 2016/2017 financial year and an increase of 7,3 per cent for the 2017/2018 financial year.
2. Revenue to be generated from property rates is R185,7 million in the 2016/2017 financial year and increases to R197,2million by 2017/2018 which represents 49,4 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 6 per cent for each of the respective financial years of the MTREF.
3. Services charges relating to electricity and refuse removal contributes to the revenue basket of the Municipality totalling R83,6million for the 2016/2017 financial year and increasing to R91,3 million by 2017/2018. For the 2016/2017 financial year services charges amount to 22 per cent of the total revenue base and increase to 23 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government.
5. Bulk purchases have significantly increased over the 2016/2017 to 2017/2018 period escalating from R 96,9 million to R 106,0 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom.
6. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 16 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

KZN222 uMngeni - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Planning Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 6 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 7 - Economic Development and Growth		-	-	-	-	-	-	-	-	-	-
Vote 8 - Internal Audit		-	-	-	-	-	-	-	-	-	-
Vote 9 - Electricity		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Executive and Council		-	-	-	-	79	79	79	175	186	197
Vote 2 - Finance		-	-	-	-	127	127	127	139	148	157
Vote 3 - Corporate Services		-	-	-	-	266	266	266	292	311	330
Vote 4 - Planning Services		-	2,462	32,312	-	20,031	20,031	20,031	114	122	129
Vote 5 - Community Services		-	-	3,223	3,500	3,728	3,728	3,728	2,251	267	283
Vote 6 - Technical Services		26,858	30,098	19,926	18,749	20,044	20,044	20,044	26,176	23,730	26,690
Vote 7 - Economic Development and Growth		-	-	-	-	-	-	-	-	-	-
Vote 8 - Internal Audit		-	-	-	-	-	-	-	-	-	-
Vote 9 - Electricity		-	575	815	5,000	135	135	135	-	8,000	8,000
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		26,858	33,135	56,276	27,249	44,409	44,409	44,409	29,148	32,764	35,786
Total Capital Expenditure - Vote		26,858	33,135	56,276	27,249	44,409	44,409	44,409	29,148	32,764	35,786
Capital Expenditure - Standard											
Governance and administration		-	-	-	-	471	471	471	607	646	684
Executive and council		-	-	-	-	79	79	79	175	186	197
Budget and treasury office		-	-	-	-	127	127	127	139	148	157
Corporate services		-	-	-	-	266	266	266	292	311	330
Community and public safety		-	-	3,223	3,500	3,728	3,728	3,728	2,251	267	283
Community and social services		-	-	-	-	228	228	228	251	267	283
Sport and recreation		-	-	3,223	3,500	3,500	3,500	3,500	2,000	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		26,858	31,532	52,238	18,749	40,036	40,036	40,036	19,980	23,628	24,582
Planning and development		-	2,462	32,312	-	20,031	20,031	20,031	114	122	129
Road transport		26,858	29,070	19,926	18,749	20,005	20,005	20,005	19,866	23,506	24,453
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	1,603	815	5,000	135	135	135	4,500	8,000	8,000
Electricity		-	575	815	5,000	135	135	135	-	8,000	8,000
Water		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	1,028	-	-	-	-	-	4,500	-	-
Other		-	-	-	-	38	38	38	1,810	224	237
Total Capital Expenditure - Standard	3	26,858	33,135	56,276	27,249	44,409	44,409	44,409	29,148	32,764	33,786
Funded by:											
National Government		24,364	18,912	21,833	27,249	22,249	22,249	22,249	21,866	23,506	24,453
Provincial Government		2,493	9,216	33,416	-	21,318	21,318	21,318	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	26,858	28,128	55,249	27,249	43,567	43,567	43,567	21,866	23,506	24,453
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	5,007	1,027	-	841	841	841	7,282	9,258	9,333
Total Capital Funding	7	26,858	33,135	56,276	27,249	44,409	44,409	44,409	29,148	32,764	33,786

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Single-year capital expenditure has been appropriated at R29, 1 million for the 2016/2017 financial year and increases over the MTREF at levels of R32, 7 million and R33, 7 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from capital grants and contributions from the capital replacement reserve. For 2016/2017, capital transfers totals R21, 8 million (75 per cent) and escalates to R23, 5million by 2017/2018 (100 per cent). Internally generated funding totaling R7, 2million in 2016/2017.

Table 17 MBRR Table A6 - Budgeted Financial Position

KZN222 uMngeni - Table A6 Budgeted Financial Position

Description		Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
ASSETS												
Current assets												
Cash			216	8,676	8,103	1,716	8,761	8,761	8,761	7,966	8,365	8,867
Call investment deposits	1		14,849	29,798	38,548	25,210	16,228	16,228	16,228	18,160	24,334	29,552
Consumer debtors	1		35,688	32,515	31,354	78,129	78,129	78,129	78,129	64,315	60,281	56,310
Other debtors			1,303	9,362	8,340	-	-	-	-	-	-	-
Current portion of long-term receivables			29	-	8,269	-	-	-	-	-	-	-
Inventory	2		56,832	-	-	29,930	-	-	-	-	-	-
Total current assets			108,916	80,352	94,615	134,985	103,118	103,118	103,118	90,441	92,979	94,728
Non current assets												
Long-term receivables			-	-	-	-	-	-	-	-	-	-
Investments			-	-	-	-	-	-	-	-	-	-
Investment property			5,785	5,523	5,323	5,523	5,523	5,523	5,523	5,323	5,323	5,323
Investment in Associate			-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3		771,595	775,394	788,876	796,982	802,087	802,087	802,087	778,784	770,294	762,825
Agricultural			-	-	-	-	-	-	-	-	-	-
Biological			-	-	-	-	-	-	-	-	-	-
Intangible			239	135	25	138	138	138	138	25	25	25
Other non-current assets			2,871	5,393	5,393	-	-	-	-	5,393	5,393	5,393
Total non current assets			780,490	786,445	799,617	802,643	807,748	807,748	807,748	789,524	781,035	773,566
TOTAL ASSETS			889,406	866,797	894,232	937,628	910,866	910,866	910,866	879,965	874,014	868,294
LIABILITIES												
Current liabilities												
Bank overdraft	1		2,491	-	-	-	-	-	-	-	-	-
Borrowing	4		6,148	3,189	3,279	4,635	2,650	2,650	2,650	2,805	2,973	3,152
Consumer deposits			2,210	2,277	2,198	2,267	2,267	2,267	2,267	2,132	2,068	2,006
Trade and other payables	4		43,519	43,881	41,166	25,557	16,670	16,670	16,670	17,048	14,491	13,042
Provisions			1,069	1,229	2,135	-	6,750	6,750	6,750	7,195	7,620	8,039
Total current liabilities			55,437	50,576	48,778	32,459	28,337	28,337	28,337	29,181	27,153	26,239
Non current liabilities												
Borrowing			31,722	33,064	29,022	33,599	29,022	29,022	29,022	26,372	23,566	23,593
Provisions			39,343	44,411	49,379	5,072	19,080	19,080	19,080	19,747	21,524	23,462
Total non current liabilities			71,065	77,475	78,401	38,671	48,102	48,102	48,102	46,119	45,091	47,055
TOTAL LIABILITIES			126,502	128,051	127,180	71,131	76,439	76,439	76,439	75,300	72,244	73,294
NET ASSETS	5		762,904	738,746	767,053	866,497	834,427	834,427	834,427	804,665	801,770	795,001
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)			619,752	617,926	644,474	610,097	578,027	578,027	578,027	548,265	545,370	538,600
Reserves	4		143,152	142,579	142,579	256,400	256,400	256,400	256,400	256,400	256,400	256,400
TOTAL COMMUNITY WEALTH/EQUITY	5		762,904	760,505	787,052	866,497	834,427	834,427	834,427	804,665	801,770	795,001

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 61 is supported by an extensive table of notes (SA3 which can be found on page 102) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;

- Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
 5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 18 MBRR Table A7 - Budgeted Cash Flow Statement

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The 2016/2017 MTREF provides for a further net increase in cash of R1,1 thousand for the 2016/2017 financial year resulting in an overall projected positive cash position of R26,1 million at year end.
4. The 2016/2017 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
5. Cash and cash equivalents totals R26, 1million positive as at the end of the 2016/2017 financial year and increase to R32, 6million by 2017/2018.

KZN222 uMngeni - Table A7 Budgeted Cash Flows

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		98,484	104,169	126,096	130,665	132,187	132,187	132,187	163,423	173,555	183,795
Service charges		53,135	51,944	57,768	63,867	64,546	64,546	64,546	73,615	80,380	87,756
Other revenue		58,151	50,904	29,037	27,601	27,308	27,308	27,308	24,996	26,545	28,112
Government - operating	1	42,208	50,677	47,728	51,426	56,426	56,426	56,426	61,469	66,945	65,705
Government - capital	1	24,364	28,128	55,249	27,249	22,249	22,249	22,249	21,866	23,506	24,653
Interest		6,890	3,524	718	3,112	3,494	3,494	3,494	5,449	5,787	6,129
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(246,789)	(215,949)	(212,865)	(261,787)	(281,107)	(281,107)	(281,107)	(309,001)	(325,220)	(341,766)
Finance charges		(5,992)	(4,297)	(3,675)	(4,760)	(4,760)	(4,760)	(4,760)	(5,127)	(5,445)	(5,767)
Transfers and Grants	1	-	-	(7,162)	(7,110)	(3,250)	(3,250)	(3,250)	(3,465)	(3,680)	(3,897)
NET CASH FROM/(USED) OPERATING ACTIVITIES		30,452	69,099	92,893	30,283	17,093	17,093	17,093	33,225	42,374	44,719
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	(14,949)	148	-	8,234	8,234	8,234	-	-	-
Payments											
Capital assets		(24,364)	(36,668)	(90,975)	(27,249)	(44,409)	(44,409)	(44,409)	(29,148)	(32,764)	(35,786)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(24,364)	(51,617)	(90,827)	(27,249)	(36,175)	(36,175)	(36,175)	(29,148)	(32,764)	(35,786)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	(79)	-	69	69	69	(135)	(64)	(62)
Payments											
Repayment of borrowing		(2,368)	(2,445)	(2,560)	(2,650)	(2,650)	(2,650)	(2,650)	(2,805)	(2,973)	(3,152)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(2,368)	(2,445)	(2,538)	(2,650)	(2,581)	(2,581)	(2,581)	(2,940)	(3,037)	(3,214)
NET INCREASE/ (DECREASE) IN CASH HELD		3,720	15,037	(573)	384	(21,663)	(21,663)	(21,663)	1,137	6,573	5,720
Cash/cash equivalents at the year begin:	2	(5,995)	(2,275)	8,676	8,377	46,652	46,652	46,652	24,989	26,126	32,699
Cash/cash equivalents at the year end:	2	(2,275)	12,763	8,103	8,761	24,989	24,989	24,989	26,126	32,699	38,419

Table 19 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

KZN222 uMngeni - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash and investments available											
Cash/cash equivalents at the year end	1	(2,275)	12,763	8,103	8,761	24,989	24,989	24,989	26,126	32,699	38,419
Other current investments > 90 days		14,849	25,711	38,548	16,165	0	0	0	-	-	-
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and Investments available:		12,574	38,474	46,652	26,926	24,989	24,989	24,989	26,126	32,699	38,419
Application of cash and investments											
Unspent conditional transfers		12,814	17,831	22,223	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	(15,678)	(16,478)	(19,414)	(39,873)	(49,992)	(49,992)	(49,992)	(37,898)	(37,011)	(35,080)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		(2,864)	1,353	2,809	(39,873)	(49,992)	(49,992)	(49,992)	(37,898)	(37,011)	(35,080)
Surplus(shortfall)		15,438	37,121	43,843	66,799	74,981	74,981	74,981	64,014	68,710	73,499

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2012/2013 to 2016/2017 the surplus improved from R15, 4 million to R 64,0million.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2016/2017 MTREF was funded owing to the significant surplus.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2016/2017 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table 20 MBRR Table A9 - Asset Management

KZN222 uMngeni - Table A9 Asset Management

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	26,858	28,128	-	27,249	40,909	-	-	-	-
Infrastructure - Road transport		26,858	25,091	-	18,749	20,005	-	-	-	-
Infrastructure - Electricity		-	575	-	5,000	135	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		26,858	25,666	-	23,749	20,140	-	-	-	-
Community		-	-	-	3,500	-	-	-	-	-
Heritage assets		-	2,462	-	-	19,927	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	841	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Renewal of Existing Assets</u>	2	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Capital Expenditure</u>	4	26,858	25,091	-	18,749	20,005	-	-	-	-
Infrastructure - Road transport		-	575	-	5,000	135	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		26,858	25,666	-	23,749	20,140	-	-	-	-
Community		-	-	-	3,500	-	-	-	-	-
Heritage assets		-	2,462	-	-	19,927	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	841	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	26,858	28,128	-	27,249	40,909	-	-	-	-
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Infrastructure - Road transport		476,360	481,935	-	18,749	20,005	20,005	-	-	-
Infrastructure - Electricity		57,587	54,673	-	5,000	135	135	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		533,947	536,608	-	23,749	20,140	20,140	-	-	-
Community		-	-	-	13,118	13,346	13,346	-	-	-
Heritage assets		-	5,333	-	45,032	64,959	64,959	-	-	-
Investment properties		5,785	5,523	5,323	5,523	5,523	5,523	5,323	5,323	5,323
Other assets		237,531	222,134	-	715,083	715,697	715,697	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		239	135	25	138	138	138	25	25	25
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	777,502	769,733	5,348	802,643	819,802	819,802	5,348	5,348	5,348
EXPENDITURE OTHER ITEMS										
<u>Depreciation & asset impairment</u>	3	57,935	37,598	41,825	11,232	11,232	11,232	28,974	30,770	32,586
<u>Repairs and Maintenance by Asset Class</u>		4,932	6,333	-	24,741	26,103	-	-	-	-
Infrastructure - Road transport		-	-	-	9,125	9,125	-	-	-	-
Infrastructure - Electricity		-	-	-	5,574	5,574	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	14,699	14,699	-	-	-	-
Community		4,932	6,333	-	10,042	11,404	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS	6, 7	62,867	43,931	41,825	35,973	37,335	11,232	28,974	30,770	32,586
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn*		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as a % of PPE		0.6%	0.8%	0.0%	3.1%	3.3%	0.0%	0.0%	0.0%	0.0%
Renewal and R&M as a % of PPE		1.0%	1.0%	0.0%	3.0%	3.0%	0.0%	0.0%	0.0%	0.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE, however uMngeni is unable to comply with the above due to cash limitations.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the Municipality's strategy to address the maintenance backlog.

Table 21 MBRR Table A10 - Basic Service Delivery Measurement

KZN222 uMngeni - Table A10 Basic service delivery measurement

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Household service targets	1									
Water:										
Piped water inside dwelling		-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>										
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>										
Total number of households	5	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>										
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>										
Total number of households	5	-	-	-	-	-	-	-	-	-
Energy:										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>										
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>										
Total number of households	5	-	-	-	-	-	-	-	-	-
Refuse:										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>										
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>										
Total number of households	5	-	-	-	-	-	-	-	-	-
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)										
Total cost of FBS provided		-	-	-	-	-	-	-	-	-
Highest level of free service provided per household										
Property rates (R value threshold)		100,000	100,000	-	100,000	100,000	100,000	-	-	-
Water (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)		100	100	-	100	100	100	-	-	-
Refuse (average litres per week)		-	-	-	-	-	-	-	-	-
Revenue - cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (Impermissible values per section 17 of MPRA)		-	-	-	48,935	48,935	48,935	-	-	-
Property rates - exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		45,734	33,598	35,613	44,168	38,002	38,002	38,002	38,415	38,672
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		5,620	-	-	3,250	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	5,150	5,150	5,150	5,150	5,489	5,830
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total revenue cost of subsidised services provided	6	51,354	33,598	35,613	101,503	92,087	92,087	43,152	41,904	44,502

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality continues to make good progress with the eradication of backlogs:
 - a. Electricity services – backlog has been reduced. As indicated elsewhere, the emphasis in the electricity sector is on addressing urgent network upgrades. Once the most pressing network issues have been addressed, the electrification programme will be prioritised, with all households in rural areas budgeted to be electrified in 2015/16.
 - b. Refuse services – It should be noted that this function is being investigated with a view to realising greater efficiencies, which is likely to translate into a more rapid process to address backlogs.
3. The budget provides for 9000 households to be registered as indigent in 2014/15, and therefore entitled to receiving Free Basic Services. The number is set to increase to 3500 households given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.
4. It is anticipated that these Free Basic Services will cost the municipality R7,4 million in 2016/2017, remaining at R 7,4million in 2016/2017 at current tariffs. This is covered by the municipality's equitable share allocation from national government.
5. In addition to the Free Basic Services, the Municipality also 'gives' households R53,9 million in free services in 2016/2017, and remains at R53,9 million in 2017/2018 at current tariffs. This 'tax expenditure' needs to be seen within the context of the municipality's overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services. Currently, the 'free services' represent about 8 per cent of total operating revenue.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Mayor.

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2016) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule in August 2015. Key dates applicable to the process were:

Aligned process	Activities	Target dates	Responsibility	Outputs
IDP	UMDM IDP Sub-cluster meeting	07/07/2015	IDP Manager	Process Plan Framework
IDP-BUDGET-OPMS	Prepare Draft 2016-2017 Process Plan	10-24/07/2015	IDP Manager	Draft Process Plan
IDP	MEC Panel assesses submitted 2015-2016 IDP Review	27/07/2015 to 30/09/2015	MEC Panel	MEC comments of submitted IDP Review
IDP	Submit Draft 2016-2017 Process Plan to COGTA for comments	31/07/2015	IDP Manager	Letter of acknowledgement
OPMS	Signed S56 & S57 Managers Performance Agreements	31/07/2015	Municipal Manager, PMS Manager	Signed Performance agreements
IDP	Collect data to review Status Quo of municipality	14/08/2015	IDP Manager	Verified data and status quo report
IDP-BUDGET-OPMS	Assess status of sector plans and policies	23/08/2015	IDP Manager	Updated table indicating status of reviewed sector plans and policies
OPMS	Draft 2014-2015 Annual Performance Report	28/08/2015	Municipal Manager PMS Manager	Draft 2014-2015 Annual Performance Report
IDP-BUDGET-OPMS	Submission and adoption of Process Plan to all relevant council committees	31/08/2015	IDP Manager, GM: Economic Development & Planning, Honourable Mayor	Adopted Process Plan with council resolution
IDP-BUDGET-OPMS	Public notice on the adoption of Process Plan	02-23/09/2015	Communications Manager	Public notice of adopted Process Plan
IDP	UMDM IDP Sub-cluster meeting	18/09/2015	IDP Manager	Draft Status Quo report and data alignment
IDP-BUDGET-OPMS	Submission of adopted Process Plan to COGTA	25/09/2015	IDP Manager	Letter of acknowledgement
IDP	Planning Indaba / MEC Panel feedback	30/09/2015	IDP Manager	Assessment feedback
BUDGET	2015-2016 First Quarter Budget Review	29/10/2015	CFO, Budget Manager	Budget review report
IDP	Submission of Status Quo report to all relevant council committees	30/09/2015	IDP Manager, GM: Economic Development & Planning	Status Quo report to all relevant council committees
OPMS	Internal Auditor reports on performance information to be	30/09/2015	Municipal Manager, Internal Audit Manager	Quarterly performance report

IDP	IDP Representative Forum	09/10/2015	Honourable Mayor, GM: Economic Development & Planning, IDP Manager	Present Status Quo report and feedback on current IDP Review
IDP	Review municipal strategic objectives	02-18/11/2015	MANCO, EXMANCO	Report on reviewed strategies
IDP-BUDGET-OPMS	Develop measurable objectives for the next financial year including budget provision	19-30/11/2015	Internal departments	Departmental inputs
IDP	UMDM IDP Sub-cluster meeting	20/11/2015	IDP Manager	Alignment of strategies reports
IDP	UMDM IDP Representative Forum	27/11/2015	IDP Manager	Alignment of programmes
IDP	Strategies report to relevant council committees	30/11/2015	IDP Manager, GM: Economic Development & Planning	Strategies report presented to council committees
IDP	IDP Best Practice Conference	To be confirmed	IDP Manager	Presentations on best practice
IDP	Prioritisation of projects	11/12/2015	Ward committees	Prioritisation list integrated into IDP
IDP-BUDGET	Interdepartmental Budget inputs for 2016-2017 financial year	20/12/2015	Internal departments Budget Manager	Departmental inputs
OPMS	Internal Auditor reports on performance information to be submitted to the MM and the Audit Committee	31/12/2015	Municipal Manager, Manger: Internal Audit	Quarterly performance report
BUDGET-OPMS	2015-2016 mid-year budget and performance assessment	27/01/2016	CFO, Budget Manager	Mid-year performance report
IDP-BUDGET-OPMS	Alignment of Draft IDP and Budget towards Draft SDBIP	01-29/02/2016	Internal departments IDP Manager	Draft IDP, Budget and SDBIP
IDP	COGTA departmental sector alignment sessions	12/02/2016	IDP Manager	Department programmes report
BUDGET	Budget mid-term review	24/02/2016	CFO, Budget Manager	Mid-term budget review report

IDP-BUDGET-OPMS	Submission and tabling of Draft 2016-2017 IDP Review, Multi-year Budget and SDBIP to all relevant council committees	01-30/03/2016	Honourable Mayor, Full Council	Draft 2016-2017 IDP Review, Multi-year Budget and SDBIP with council resolutions
IDP-BUDGET-OPMS	Submission of Draft 2016-2017 IDP Review, Draft Multi-year Budget and Draft SDBIP to relevant sector departments	31/03/2016	IDP Manager, Budget Manager, PMS Manager	Letters of acknowledgement
IDP	UMDM IDP Sub- cluster meeting	01/04/2016	IDP Manager	Self-Assessment tool
IDP	IDP Representative Forum	04/04/2016	Honourable Mayor and all relevant internal departmental personnel	Presentation of Draft IDP Review
IDP-BUDGET-OPMS	Presentation of Draft 2016-2017 IDP Review and Draft Multi-year Budget to communities in all wards	05-29/04/2016	Honourable Mayor and all relevant internal departmental personnel	Register and minutes of public inputs
IDP-BUDGET-OPMS	Public notice on tabled items including a schedule of public meetings	06/04/2016	Communications Manager	Public notice
IDP	IDP Assessment feedback Session	21/04/2016	COGTA	Report of assessment feedback
IDP-BUDGET	Incorporate stakeholder comments on Draft IDP Review and Multi-year Budget	22/04/2016	IDP Manager, Budget Manager	Incorporate comments into final IDP Review and Multi-year Budget
IDP	Convening of decentralised IDP Assessment Forums	To be confirmed	IDP Manager	IDP assessment report
IDP-BUDGET-OPMS	Tabling and adoption of 2016-2017 IDP Review and Multi-year Budget	25/05/2016	Honourable Mayor	Adopted 2016-2017 IDP Review and Multi-year Budget with council resolution
IDP-BUDGET-OPMS	Address AG comments on the Annual Report of the previous financial year	31/05/2016	MANCO	Response table
IDP	Public Notice on adopted 2016-2017 IDP Review and Multi-year Budget	01/06/2016	Communications Manager	Public Notice

2.1.2 IDP and Service Delivery and Budget Implementation Plan

A third generation IDP document has been compiled and it started in July 2011 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2016/2017 MTREF in July.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2016/17MTREF, based on the approved 2016/2017MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2016/17 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2015/16 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2016/2017 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2016/2017 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2016/2017 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 66 and 67 have been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The 2016/2017 MTREF will be tabled before Council on 30 March 2016 for community consultation and will be published on the municipality's website, hard copies will be made available at municipal offices, municipal notice boards and various libraries.

All documents in the appropriate format (electronic and printed) will be provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

There will be ward committee meeting to present the budget in the Council on the 13th April 2016 and Imbizo that will combine all the Wards on the 15th April 2016 in Howick West Indoor Centre.

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision,

leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (PGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPis);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2016/2017 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 22 IDP Strategic Objectives

2016/2017 Financial Year	2016/2017 MTREF
1. The provision of quality basic services and infrastructure	1. Provision of quality basic services and infrastructure

2. Acceleration of higher and shared economic growth and development	2. Economic growth and development that leads to sustainable job creation
3. Fighting of poverty, building clean, healthy, safe and sustainable communities	3.1 Fight poverty and build clean, healthy, safe and sustainable communities
	3.2 Integrated Social Services for empowered and sustainable communities
4. Fostering participatory democracy and adherence to uMngeni principles through a caring, accessible and accountable service	4. Foster participatory democracy and uMngeni principles through a caring, accessible and accountable service
5. Good governance, Financial viability and institutional governance	5.1 Promote sound governance
	5.2 Ensure financial sustainability
	5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
 - o Provide electricity;
 - o Provide waste removal;
 - o Provide housing;
 - o Provide roads and storm water;
 - o Provide Municipality planning services; and
 - o Maintaining the infrastructure of the Municipality.
2. Economic growth and development that leads to sustainable job creation by:
 - o Ensuring there is a clear structural plan for the Municipality;
 - o Ensuring planning processes function in accordance with set timeframes;
 - o Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
 - o Effective implementation of the Indigent Policy;
 - o Working with the provincial department of health to provide primary health care services;
 - o Extending waste removal services and ensuring effective Municipality cleansing;
 - o Ensuring all waste water treatment works are operating optimally;
 - o Working with strategic partners such as SAPS to address crime;
 - o Ensuring safe working environments by effective enforcement of building and health regulations;
 - o Promote viable, sustainable communities through proper zoning; and
 - o Promote environmental sustainability by protecting wetlands and key open spaces.

- 3.2 Integrated Social Services for empowered and sustainable communities
 - o Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
4. Foster participatory democracy and uMngeni principles through a caring, accessible and accountable service by:
 - o Optimising effective community participation in the ward committee system; and
 - o Implementing uMngeni in the revenue management strategy.
- 5.1 Promote sound governance through:
 - o Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
 - o Reviewing the use of contracted services
 - o Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
 - o Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the 2013/14 revised IDP, including:

- Strengthening the analysis and strategic planning processes of the Municipality;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2016/2017 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 23 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

KZN222 uMngeni - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

KZN2022 Integrated • Supporting Table 3A4 Reconciliation of IDP Strategic Objectives and Budget (Revenue)													
Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
Revenue				217,909	257,403	326,042							
	Human resources resource development and management						881	850	850	906	962	1,019	
	Good corporate governance						186,039	189,021	189,021	225,824	241,742	257,595	
	Sustainable socio-economic development						41,153	35,768	35,768	38,991	35,697	37,778	
	Promote human settlements and infrastructure development						76,936	81,917	81,917	90,204	99,179	100,821	
	Financial sound and sustainable municipality						4,207	6,258	6,258	6,584	6,945	7,510	
	Spatial planning and environmental sustainability						36,241	31,152	31,152	33,340	38,169	40,474	
Allocations to other priorities													
				2									
Total Revenue (excluding capital transfers and contributions)				1	217,909	257,403	326,042	345,456	344,966	344,966	393,828	422,695	445,197

Table 24 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

KZN222 uMngeni - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand													
Expenditure	Human resources resource development and management			259,623	283,240	299,494	31,501	12,891	12,881	27,081	28,641	30,471	
	Good corporate governance						34,257	34,348	34,348	47,005	49,968	52,994	
	Sustainable socio-economic development						51,507	41,480	41,490	43,011	44,073	46,908	
	Promote humann settlements and infrastructure development						158,815	136,771	136,771	147,052	159,987	165,820	
	Financial sound and sustainable municipality						-	32,282	32,282	50,481	53,707	57,182	
	Spatial planning and environmental sustainability						41,103	64,677	64,677	54,815	53,035	56,370	
Allocations to other priorities													
Total Expenditure				1	259,623	283,240	299,494	317,183	322,449	322,449	369,445	389,411	409,745

KZN222 uMngeni - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

49

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

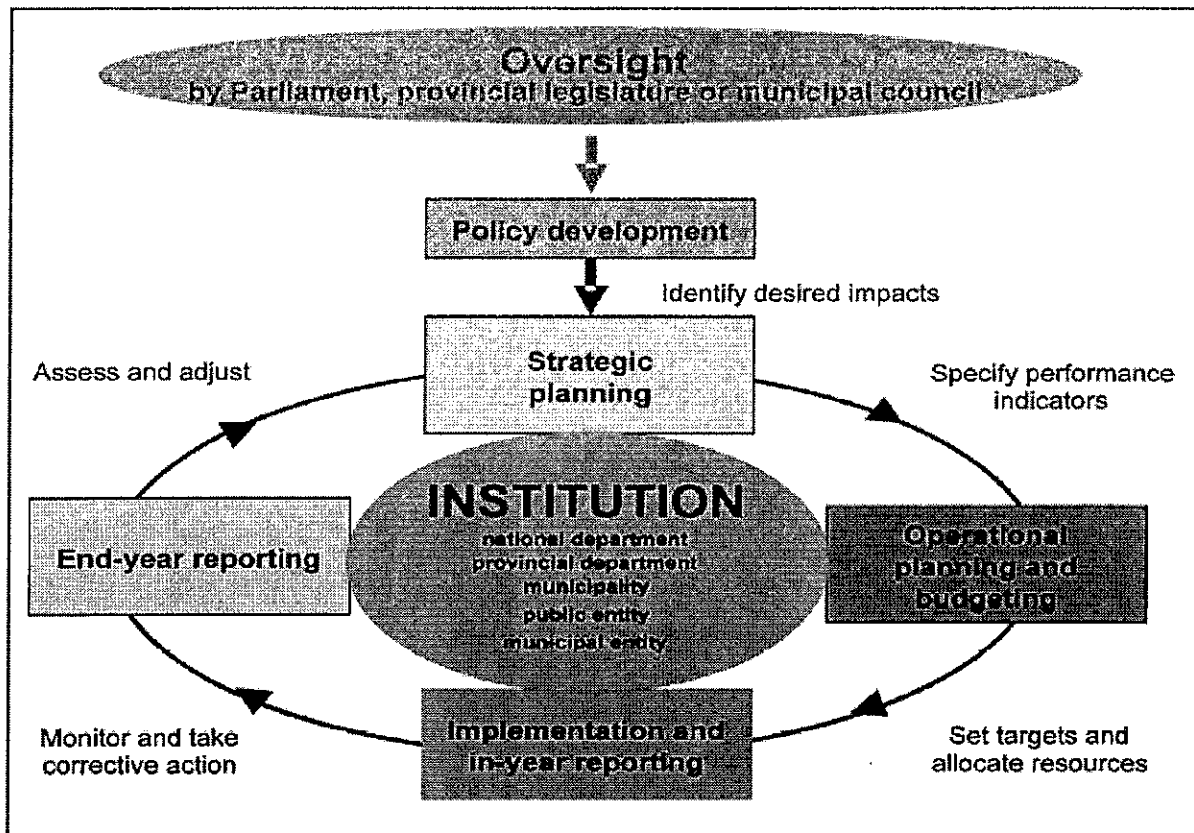


Figure 1 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

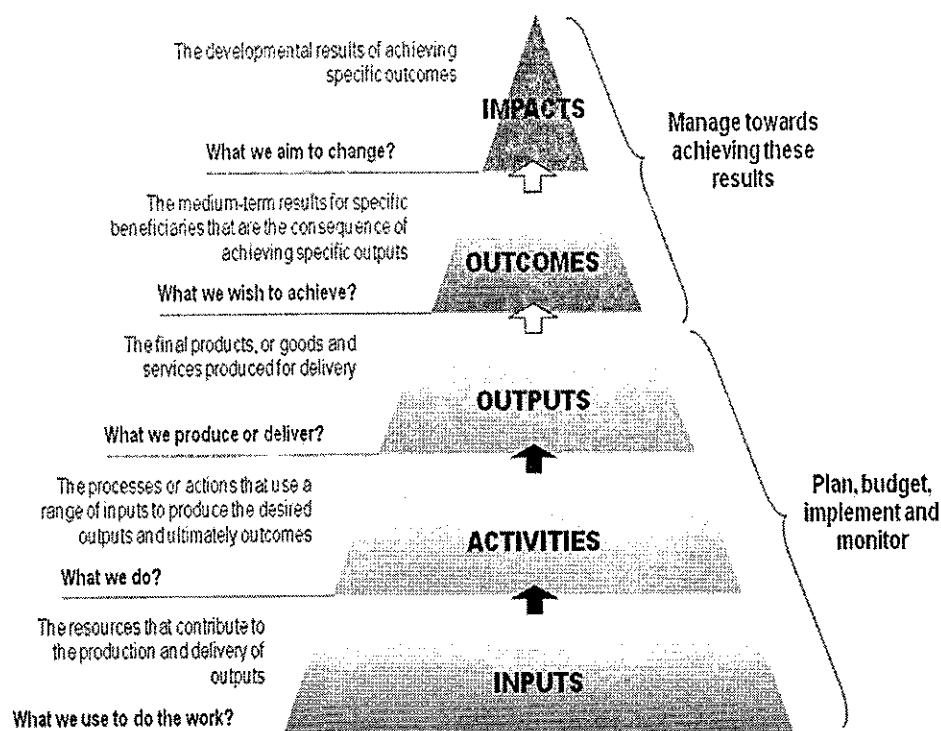


Figure 2 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

KEY FINANCIAL RATIOS OR INDICATORS		
Financial Benchmarks	Basic of Calculation	2014/2015 (AFS)
Debt to Asset Ratio	Total Debt/Total Assets	1:0.04
Debt to Revenue	Total Debt/Annual Income	1:0.11
Average Interest Paid on Debt	Interest Paid/Total Interest Bearing Debt	1:0.71
Capital Charges to Operating Expenditure	Interest & Principal Paid/ Operating Expenditure	1:0.03
Interest as a % of Operating Expenditure	Interest Paid/ operating Expenditure	1.5%
Current Ratio	Current asset/ Current Liabilities	1:1.93
Creditors System Efficiency	% of creditors Paid within terms	97.6%

Table 26 MBRR Table SA7 - Measurable performance objectives

KZN222 uMngeni - Supporting Table SA7 Measurable performance objectives

Description	Unit of measurement	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Vote 1 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure's description										
Sub-function 2 - (name)										
Insert measure's description										
Sub-function 3 - (name)										
Insert measure's description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure's description										
Sub-function 2 - (name)										
Insert measure's description										
Sub-function 3 - (name)										
Insert measure's description										
Vote 2 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure's description										
Sub-function 2 - (name)										
Insert measure's description										
Sub-function 3 - (name)										
Insert measure's description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure's description										
Sub-function 2 - (name)										
Insert measure's description										
Sub-function 3 - (name)										
Insert measure's description										
Vote 3 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure's description										
Sub-function 2 - (name)										
Insert measure's description										
Sub-function 3 - (name)										
Insert measure's description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure's description										
Sub-function 2 - (name)										
Insert measure's description										
Sub-function 3 - (name)										
Insert measure's description										
And so on for the rest of the Votes										

The following table sets out the municipalities main performance objectives and benchmarks for the 2016/2017 MTREF.

Table 27 MBRR Table SA8 - Performance indicators and benchmarks

KZN222 uMngeni - Supporting Table SA8 Performance Indicators and benchmarks

KZN222 Wingent - Supporting Table SAs Performance Indicators and Benchmarks											
Description of financial indicator	Basis of calculation	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Borrowing Management</u>											
Credit Rating		0.94	0.94								
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2.7%	2.4%	2.3%	2.3%	2.3%	2.3%	2.3%	2.1%	2.2%	2.2%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	3.9%	3.2%	3.1%	2.8%	2.8%	2.8%	2.8%	2.6%	2.5%	2.5%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	22.2%	23.2%	20.4%	13.1%	11.3%	11.3%	11.3%	10.3%	9.2%	9.2%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	2.0	1.6	1.9	4.2	3.6	3.6	3.6	3.1	3.4	3.6
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	2.0	1.6	1.9	4.2	3.6	3.6	3.6	3.1	3.4	3.6
Liquidity Ratio	Monetary Assets/Current Liabilities	0.3	0.8	1.0	0.8	0.9	0.9	0.9	0.9	1.2	1.5
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		94.0%	89.7%	100.0%	88.1%	86.7%	86.7%	86.7%	88.0%	88.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		94.0%	89.7%	100.0%	88.1%	86.7%	86.7%	86.7%	88.0%	88.0%	88.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	17.0%	16.3%	17.7%	24.6%	24.2%	24.2%	24.2%	17.3%	15.1%	13.4%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
Creditors to Cash and Investments		-1243.4%	198.6%	233.6%	291.7%	66.7%	66.7%	66.7%	65.3%	44.3%	33.9%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kWh)		75067374								
	Total Cost of Losses (Rand '000)		23,942	27,365							
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kl)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	34.7%	25.6%	30.8%	32.6%	29.9%	29.9%	29.9%	27.4%	26.0%	26.4%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	38.9%	29.2%	34.7%	34.9%	32.1%	32.1%		29.5%	28.0%	28.4%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	2.3%	2.5%	4.6%	7.8%	5.6%	5.6%		5.8%	5.7%	5.7%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	28.7%	16.3%	17.0%	5.0%	5.0%	5.0%	5.0%	9.2%	9.1%	9.1%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	29.7	63.8	38.7	43.4	43.4	43.4	32.2	35.4	35.8	36.2
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	22.6%	23.9%	26.0%	35.3%	34.3%	34.3%	34.3%	23.8%	20.8%	18.2%
iii. Cost coverage	(Available cash + investments)/monthly fixed operational expenditure	{0.2}	0.8	0.5	0.4	1.2	1.2	1.2	1.1	1.3	1.5

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, uMngeni Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2016/2017 MTREF:

- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has steadily increased from 2.7 per cent in 2012/2013 to 3.4 per cent in 2016/2017. It is estimated that the cost of borrowing as a percentage of the operating expenditure will reach 3.2 per cent in 2016/17 and will then decrease to 2.8 per cent at the end of the MTREF. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the Municipality has reached its prudential borrowing limits.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is nil per cent.

The Municipality's debt profile provides some interesting insights on the Municipality's future borrowing capacity. Firstly, the use of amortising loans leads to high debt service costs at the beginning of the loan, which declines steadily towards the end of the loan's term.

The Municipality has raised mainly amortising loans over the past six years, hence effectively 'front-loading' its debt service costs. This is reflected in the Municipality's debt service profile, which predicts large debt service costs between 2012 and 2018. Debt service costs are expected to peak in 2018 due to the redemption of the last few term loans held by the Municipality.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2016/2017 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

2.3.1.2 Safety of Capital

The gearing ratio is a measure of the total long term borrowings over funds and reserves. Between 2014/2015 and 2016/2017 the gearing ratio peaked at 22.6 per cent. This was primarily a result of the increased borrowing levels and decreasing funds and reserves. While the gearing ratio decreases to 15.0 per cent in the 2015/16 financial year, the medium term strategy is to steadily reduce the gearing ratio to a level that does not exceed 50 per cent as a prudential limit, hence, over the 2016/17 MTREF the ratio decreases to 12.0 per cent in 2016/2017.

2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio

be less than 1. For the 2016/2017 MTREF the current ratio is 2.3 in the 2016/2017 financial year and 2.4 and 2.3 for the two outer years of the MTREF. Going forward it will be necessary to increase these levels.

- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2016/2017 financial year the ratio was 0.5 and as part of the financial planning strategy it has been increased to 0.6 in the 2016/2017 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

2.3.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

2.3.1.5 Creditors Management

- The Municipality could not manage to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has not managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a negative impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to damage the Municipality in the form of more competitive pricing of tenders, as suppliers will not compete for the Municipality's business.

2.3.1.6 Other Indicators

The electricity distribution losses have increased upwards from 33 per cent in the 2015/2016 financial year to 35 per cent in 2016/2017. The initiatives to ensure these targets are achieved include managing illegal connections and theft of electricity by rolling out smart metering systems, including prepaid meters.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. Only registered indigents qualify for the free basic services.

For the 2016/2017 financial year 2775 registered indigents have been provided for in the budget with this figured increasing to 2997 by 2017/2018. In terms of the Municipality's indigent policy registered households are entitled to 100 kwh of electricity and free waste removal for all properties with a value of up to R200 000 as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 23 MBRR A10 (Basic Service Delivery Measurement) on page 34.

2.4 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

The following budget-related policies have been approved by Council, or have been reviewed or amended and/or are currently being reviewed/amended in line with National Guidelines and other legislation.

- 2.4.1 Budget Policy
- 2.4.2 Supply Chain Management Policy
- 2.4.3. Rates Policy
- 2.4.4 Tariff Policy
- 2.4.5 Credit Control & Debt Collection Policy
- 2.4.6 Subsistence & Travel Policy
- 2.4.7 Leave Policy
- 2.4.8 Human Resources Training & Development Policy.
- 2.4.9 Virement Policy
- 2.4.10 Funding and Reserves Policy
- 2.4.11 Cash Management and Investment Policy
- 2.4.12 Overtime Policy
- 2.4.13 Organisational Performance Management Policy
- 2.4.14 Social Housing Policy
- 2.4.15 Asset Management Policy
- 2.4.16 Travel Allowance Policy

The promulgation of the Municipal Budget and Reporting Regulations in Government Gazette No. 32141 dated 17 April 2009 is to secure sound and sustainable management of the budgeting and reporting practices of municipalities by establishing uniform norms and standards and other requirement for insuring transparency, accountability and appropriate lines of responsibility in the

budgeting and reporting processes of those institutions and other relevant matters as required by the MFMA.

These regulations are effective for all Municipalities from 1 July 2010 and the budget has been compiled accordingly to be in full compliance from 1 July 2010.

In terms of section 7 of these regulations the Municipal Manager must prepare, or take all reasonable steps to ensure the preparation of the budget-related policies of the municipality, or any amendments to such policies, in accordance with the legislation applicable to those policies for tabling in the municipal council by the applicable deadline specified by the mayor in terms of section 21(1)(b) of the Act.

2.4.1 BUDGET POLICY

The budget policy is there to assist Mayors, Councillors, Accounting Officers and Senior Managers in dealing with the changes brought about by the Municipal Finance Management Act No 56 of 2003. This policy provides a framework within which Senior Management can compile, control and review budgets of their respective departments to ensure effective financial management

2.4.2 SUPPLY CHAIN MANAGEMENT POLICY

Municipalities are required in terms of section 111 of the MFMA to have a supply chain management policy.

This policy is within the framework of the relevant legislation and regulations. The policy ascribes to the following principles:

- a. A procurement system which is fair, equitable, transparent, competitive and cost-effective in terms of section 217 of the Constitution of South Africa No. 108 of 1996
- b. As enshrined in Chapter 11 of the Municipal Finance Management Act and its regulations
- c. Best practices in supply chain management
- d. Uniformity in supply chain management systems between organs of state in all spheres
- e. Broad Based Black Economic Empowerment

2.4.3 RATES POLICY

Section 5(1) of the Municipal Property Rates Act, No. 6 of 2004 states that a municipal council must annually review, and if necessary, amend its rates policy. Any amendments must accompany the municipality's annual budget when it is tabled in the Council. The policy is designed to ensure equitable treatment by Council in the levying of rates on property owners, including owners under sectional title, as well as other persons who may become liable for the payment of rates.

2.4.4 TARIFF POLICY

The Municipal Systems Act, No 32 of 2000, requires a municipality to have a tariff determination policy. The challenge in setting tariffs lies in striking a balance between

maintaining financial sustainability of the relevant departments (and so the sustainability of service provision) and ensuring affordability of those services by consumers. The municipality's tariff policy provides a broad framework where the Council can determine fair, transparent and affordable service charges that also promote sustainability of service provision. The policy is based on principles that address the social, economic and financial imperatives that the process of tariff setting should take account of.

2.4.5 CREDIT CONTROL & DEBT COLLECTION POLICY

The municipality's credit control and debt collection policy provides the procedures and mechanisms for credit control and for the collection of debts. The primary objective of this policy is to ensure that all monies due and payable to the municipality in respect of rates, fees for services, surcharges on such fees, charges, tariffs, interest which has accrued on any amounts due and payable in respect of the foregoing and any collection charges are collected efficiently and promptly.

2.4.6 SUBSISTENCE AND TRAVEL POLICY

The purpose of this policy is to determine guidelines for Councillors and officials for the payment of travelling and subsistence allowances when performing official functions on behalf of the Municipality.

2.4.7 LEAVE POLICY

The leave policy for uMngeni Municipality was adopted by Council in January 2009 and the goal is to ensure that the services rendered by this municipality to the community are efficient, effective and uninterrupted.

The objections are as follows:

- (i) Ensure continuity in operational requirements of the organisation while other employees are on leave.
- (ii) To develop a better understanding regarding leave policy and procedure.
- (iii) Ensure the development of clearly written administrative policy and procedure.
- (iv) To ensure proper and accurate record keeping.
- (v) To ensure that the private and confidential information is maintained.
- (vi) Ensure that leave policy respond effectively to crisis and emergency situations.

2.4.8 HUMAN RESOURCE TRAINING AND DEVELOPMENT POLICY

This policy deals with the process whereby people acquire the necessary knowledge and skills to perform delegated tasks. The objective is to ensure that the municipality is served by professional, competent, and productive employees who will have, through continuous improvement in skills and attitude facilitated by the Training Division, distinguish themselves of

being capable of delivering high quality services to all people in an endeavour to achieve the municipal strategic objectives.

2.4.9 VIREMENT POLICY

This policy's objective is to allow flexibility in the use of budgeted funds to enable management to act on occasions such as disasters, unforeseen expenditure or savings, etc. as they arise to accelerate service delivery in a financially responsible manner.

2.4.10 FUNDING AND RESERVES POLICY

The funding and reserves policy is aimed at ensuring that the municipality procures sufficient and cost effective funding in order to achieve its capital expenditure objectives in an optimum manner. The policy is adhered to in the procurement of funding for the municipality having due regard to the assets and liability maturity profile of the municipality.

2.4.11 CASH MANAGEMENT AND INVESTMENT POLICY

Section 13(2) of the MFMA requires that a municipality have a policy dealing with cash management and investment. The municipality's cash management and investment policy is developed within the framework of the MFMA.

2.4.12 OVERTIME POLICY

This policy is to ensure that a clear policy guideline is established for all employees of the municipality for working overtime and performing standby duties.

2.4.13 ORGANISATIONAL PERFORMANCE MANAGEMENT POLICY

The Performance Management System (PMS) is aimed at:

Providing Guidelines on the effective implementation and maintenance of a single and uniform performance management process within uMngeni Municipality;

Ensuring that every employee's output is optimized in terms of quality and quantity, thereby improving uMngeni Municipality's overall performance and service delivery;

Ensuring that individual employee performance is evaluated fairly and objectively;

Ensuring that categories of performance that exceed expectations are recognized, and;

Also ensuring that categories of performance that do not meet expectations are managed.

2.4.14 SOCIAL HOUSING POLICY

The objectives of this Social Housing Policy for uMngeni Municipality are as follows;

To address the housing backlog in the uMngeni municipal area

To ensure that housing beneficiaries are given a choice in respect of the housing types that will suite their life styles and requirements

To facilitate the development and rejuvenation of the town of Howick through social housing development

uMngeni Municipality also intends to facilitate the institution of a Social Housing Company that will be responsible for driving and championing social housing projects within the Municipal area through the social housing policy

This policy seeks to address the imbalances of the past which were a result of the promulgation of policies under the apartheid regime that granted specifically located land for racial segregation as such policies were also determining the urban landscape.

The acceptance of this policy by uMngeni Municipality's EXCO will enable the Municipality and other role-players in the social housing sector to work co-operatively towards improving and upgrading the municipal infrastructure in the identified restructuring zones so that new social housing projects have easy access to services as per Chapter 2, section 5 (iii) of the Social Housing Policy,2006.

To ensure access to funding for social housing development is not interrupted by a lack of policy framework within the municipal structure/municipality

The policy is intended to create an enabling environment for the Municipality to enter into performance agreements with social housing institutions that will be responsible for the overall management of social housing stock within uMngeni Municipality

All the above policies are available at the Municipal Offices in Howick, Hilton, Mpophomeni and Howick West, all the libraries in Howick, Howick West, Hilton and Mpophomeni as well as on the municipality's website www.umngeni.gov.za.

2.4.15 ASSET MANAGEMENT POLICY

The objectives of this policy are:

- To ensure the effectiveness and efficient control, utilisation, safeguarding and strategic property management of municipality's immovable property (property, plant and equipment).
- To ensure asset managers (property managers) are aware of their responsibilities with regards to property, plant and equipment.
- To set out standards of physical management, recording and internal controls to ensure property, plant and equipment are safeguarded against inappropriate loss or utilisation.
- To specify the process required before expenditure on property, plant equipment occurs.
- To emphasize a culture of transparency and accountability over assets.

- To ensure compliance with all legislative, policies, by laws and accounting prescriptions and requirements.

2.4.16 Travel Allowance Policy

- The objectives of the scheme are to provide for the following:
Uniform guidelines, conditions and limitations in terms of which the scheme be run in order to restrict differences.
- To compensate employees in a fair and reasonable manner for the utilization of private travel in the execution of official duties.

2.5 Overview of budget assumptions

2.5.1 External factors

The South African economy has averaged about 2.5 per cent growth a year since 2010. Against the background of the slowdown in the global economy, real GDP growth is likely to fall to about 2.1 per cent in 2014.

A recovery of up to 2.5 per cent and 3.0 per cent growth in 2016 and 2017 is expected, but these are modest rates of expansion relative to the social and developmental challenges we face and the opportunities that our mineral wealth and human capabilities offer.

There was a welcome recovery in job creation during 2011, but unemployment has not yet returned to its 2008 peak and the unemployment rate remains high at 25 per cent.

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2016/2017 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 30% per cent of total operating expenditure in the 2016/2017 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget. The wage agreement SALGBC has been concluded with the municipal workers unions and must be noted.

2.5.3 Credit rating outlook

Table 28 Credit rating outlook

Security class	Currency	Rating	Annual rating 2010/11	Previous Rating
Short term	Rand	Prime -1	30 November 2011	Prime -1
Long-term	Rand	Baa2.za	30 November 2011	Baa2.za
Outlook	Rand	Negative	30 November 2011	Negative

The rating definitions are:

- Short term : Prime – 1
Short-Term Debt Ratings (maturities of less than one year)
Prime-1 (highest quality)
- Long-term : Baa2.za

2.5.4 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The Municipality engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for simplicity the 2016/2017 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments. As part of the compilation of the 2016/2017 MTREF the potential of smoothing out the debt profile over the long term will be investigated.

2.5.5 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (88 per cent) of annual billings. Cash flow is assumed to be 88 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.5.6 Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from

household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.5.7 Salary increases

The collective agreement regarding salaries/wages came into operation on 1 July 2012 in 2014/15. An across the board increase of 7.6 per cent has been provided for as per Circular 79 from National Treasury.

2.5.8 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.5.9 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 90 per cent is achieved on operating expenditure and 95 per cent on the capital programme for the 2016/2017 MTREF of which performance has been factored into the cash flow budget.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 29 Breakdown of the operating revenue over the medium-term

Description	Budget Year 2015/16	Budget Year 2016/17	Growth %	%	Budget Year 2017/18	Growth %	%	Budget Year 2018/19
Revenue By Source								
Property rates	143,969,677	179,053,401.00	6%	48%	190,154,712.00	6%	48%	201,373,839.00
Property rates - penalties & collection charges	6,242,663	6,654,680.00	6%	2%	7,067,270.00	6%	2%	7,484,239.00
Service charges - electricity revenue	71,427,347	78,141,520.00	9%	21%	85,486,823.00	9%	21%	93,522,584.00
Service charges - refuse revenue	5,170,966	5,512,250.00	6%	1%	5,854,009.00	6%	1%	6,199,393.00
Rental of facilities and equipment	673,023	716,353.00	7%	0%	763,976.00	6%	0%	809,051.00
Interest earned - external investments	3,494,073	3,724,682.00	6%	1%	3,955,612.00	6%	1%	4,188,993.00
Interest earned - outstanding debtors	1,838,496	1,959,837.00	6%	1%	2,081,347.00	6%	1%	2,204,146.00
Fines	22,435,186	23,915,908.00	6%	6%	25,398,694.00	6%	6%	26,897,217.00
Licences and permits	3,226,490	3,439,439.00	6%	1%	3,652,684.00	6%	1%	3,868,192.00
Transfers recognised - operational	56,642,000	61,469,000.00	9%	17%	66,945,000.00	-2%	17%	65,705,000.00
Other revenue	7,597,096	7,375,277.00	6%	2%	7,829,016.00	6%	2%	8,290,928.00
NET OPERATING INCOME	322,717,017.95	371,962,347.00		100.00%	399,189,143.00		100.00%	420,543,582.00

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as electricity, solid waste removal, property rates, operating grants from organs of state and other minor charges (such as building plan fees, licenses, fines and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the Municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 88 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Energy Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2016/2017 MTREF on the different revenue categories are:

Table 30 Proposed tariff increases over the medium-term

Revenue category	2014/15 proposed tariff increase	2014/15 proposed tariff increase	2015/16 proposed tariff increase	2014/15 additional revenue for each % tariff increase	2014/15 additional revenue owing to % tariff increase	2015/16 additional revenue owing to % tariff increase
	%	%	%	R'000	R'000	R'000
Property rates	6	6	6	R6.000	R6.400	R7.000
Solid Waste	6	6	6	R500	R525	R550
Electricity	7.39	8	8	R6.500	R7.000	R8.000
Total				R13.000	R13.925	R15.550

Revenue to be generated from property rates is R185, 7million in the 2016/2017 financial year and increases to R197,2 million by 2017/2018 which represents 49,9 per cent of the operating revenue base of the Municipality. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

There are no outstanding objections and appeals, The Valuations Appeals Board has dealt with during the 2015/2016 MTREF. As the levying of property rates is considered a strategic revenue source further monthly reviews processes will be undertaken in the 2016/2017 MTREF. The outcome of this initiative will be closely monitored and reported on a regular basis as part of the quarterly performance reporting. The new valuation roll has be done in terms of Municipal Property Rates Act in July 2015 and implemented accordingly.

Services charges relating to electricity and refuse removal constitutes the second biggest component of the revenue basket of the Municipality totalling R83, 6 million for the 2016/2017 financial year and increasing to R 91, 3 million by 2017/2018. For the 2016/2017 financial year services charges amount to 22, 4 per cent of the total revenue base and increases to 23, 0 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity.

Operational grants and subsidies amount to R61, 4 million, R66,9 million and R65,7 million for each of the respective financial years of the MTREF. The percentage of the total operational grants and transfers in relation to the total operating revenue is distorted owing to the high increases in revenue relating to services charges.

It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

Table 31 MBRR SA15 – Detail Investment Information

KZN222 uMngeni - Supporting Table SA15 Investment particulars by type

TABLE 2: Emerging - Supporting Parts of Net Asset Statement - breakdown by type										
Investment type	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Parent municipality										
Securities - National Government		-	-	-	-	-	-	-	-	-
Listed Corporate Bonds										
Deposits - Bank		14,849	29,798	38,548	25,210	16,228	16,228	18,160	24,334	29,552
Deposits - Public Investment Commissioners		-	-	-	-	-	-	-	-	-
Deposits - Corporation for Public Deposits		-	-	-	-	-	-	-	-	-
Bankers Acceptance Certificates		-	-	-	-	-	-	-	-	-
Negotiable Certificates of Deposit - Banks		-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (sinking)		-	-	-	-	-	-	-	-	-
Repurchase Agreements - Banks		-	-	-	-	-	-	-	-	-
Municipal Bonds		-	-	-	-	-	-	-	-	-
Municipality sub-total	1	14,849	29,798	38,548	25,210	16,228	16,228	18,160	24,334	29,552
Entities										
Securities - National Government		-	-	-	-	-	-	-	-	-
Listed Corporate Bonds		-	-	-	-	-	-	-	-	-
Deposits - Bank		-	-	-	-	-	-	-	-	-
Deposits - Public Investment Commissioners		-	-	-	-	-	-	-	-	-
Deposits - Corporation for Public Deposits		-	-	-	-	-	-	-	-	-
Bankers Acceptance Certificates		-	-	-	-	-	-	-	-	-
Negotiable Certificates of Deposit - Banks		-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (sinking)		-	-	-	-	-	-	-	-	-
Repurchase Agreements - Banks		-	-	-	-	-	-	-	-	-
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		14,849	29,798	38,548	25,210	16,228	16,228	18,160	24,334	29,552

Table 32 MBRR SA15 – Investment particulars by maturity

KZN222 uMngeni - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/No)	Variable or Fixed Interest rate	Interest Rate %	Commission Paid (Rand)	Commission Recipient	Expiry date of Investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (R)	Investment Top Up	Closing Balance
Name of Institution & Investment ID	1	Yr/Months												
Parent municipality														
ABSA		N/A	FIXED	YES	FIXED	FIXED	0			3,322	2,768	-	-	6,090
FNB		n/a	FIXED	YES	FIXED	FIXED	0			1,530	638	-	-	2,168
INVESTEC BANK		n/a	CALL	YES	VARIABLE	VARIABLE	0			8,526	1,377	-	-	9,902
		n/a	FIXED	YES	FIXED	FIXED	0							-
		n/a	FIXED	YES	FIXED	FIXED	0							-
Municipality sub-total										13,377		-	-	18,158
Entities														-
														-
														-
														-
Entities sub-total										-		-	-	-
TOTAL INVESTMENTS AND INTEREST	1									13,377		-	-	18,158

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The surplus is intended to partly fund capital expenditure from own sources as well as ensure adequate cash backing of reserves and funds although this is not at all sufficient.

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2016/2017 medium-term capital programme:

Table 33 Sources of capital revenue over the MTREF

Funded by:											
National Government		24,364	18,912	21,833	27,249	22,249	22,249	22,249	21,866	23,506	24,453
Provincial Government		2,493	9,215	33,416		21,318	21,318	21,318	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	26,858	28,128	55,249	27,249	43,567	43,567	43,567	21,866	23,506	24,453
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	5,007	1,027	-	841	841	841	7,282	9,258	9,333
Total Capital Funding	7	26,858	33,135	56,276	27,249	44,409	44,409	44,409	29,148	32,764	33,786

Capital grants and receipts equates to R 21, 8 per cent of the total funding source which represents R29, 1 million for the 2016/2017 financial year.

As explained earlier, the borrowing capacity of the Municipality has essentially reached its limits and going forward borrowing limits will remain constant.

The following table is a detailed analysis of the Municipality's borrowing liability.

Table 34 MBRR Table SA 17 - Detail of borrowings

KZN222 uMngeni - Supporting Table SA17 Borrowing

Borrowing - Categorised by type	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Parent municipality										
Long-Term Loans (annuity/reducing balance)		31,722	33,064	29,022	33,599	29,022	29,022	26,372	23,566	23,593
Long-Term Loans (non-annuity)		-	-	-	-	-	-	-	-	-
Local registered stock		-	-	-	-	-	-	-	-	-
Instalment Credit		-	-	-	-	-	-	-	-	-
Financial Leases		-	-	-	-	-	-	-	-	-
PPP liabilities		-	-	-	-	-	-	-	-	-
Finance Granted By Cap Equipment Supplier		-	-	-	-	-	-	-	-	-
Marketable Bonds		-	-	-	-	-	-	-	-	-
Non-Marketable Bonds		-	-	-	-	-	-	-	-	-
Bankers Acceptances		-	-	-	-	-	-	-	-	-
Financial derivatives		-	-	-	-	-	-	-	-	-
Other Securities		-	-	-	-	-	-	-	-	-
Municipality sub-total	1	31,722	33,064	29,022	33,599	29,022	29,022	26,372	23,566	23,593
Entities										
Long-Term Loans (annuity/reducing balance)		-	-	-	-	-	-	-	-	-
Long-Term Loans (non-annuity)		-	-	-	-	-	-	-	-	-
Local registered stock		-	-	-	-	-	-	-	-	-
Instalment Credit		-	-	-	-	-	-	-	-	-
Financial Leases		-	-	-	-	-	-	-	-	-
PPP liabilities		-	-	-	-	-	-	-	-	-
Finance Granted By Cap Equipment Supplier		-	-	-	-	-	-	-	-	-
Marketable Bonds		-	-	-	-	-	-	-	-	-
Non-Marketable Bonds		-	-	-	-	-	-	-	-	-
Bankers Acceptances		-	-	-	-	-	-	-	-	-
Financial derivatives		-	-	-	-	-	-	-	-	-
Other Securities		-	-	-	-	-	-	-	-	-
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Borrowing	1	31,722	33,064	29,022	33,599	29,022	29,022	26,372	23,566	23,593

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash backed reserves and accumulated funds reconciliation, as discussed below. Internally generated funds consist of R7,2million.

Table 35 MBRR Table SA 18 – Operating and Capital transfers and grant receipts

KZN222 uMngeni - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		38,897	43,831	44,911	48,500	53,528	53,528	58,268	63,610	62,199
Local Government Equitable Share		29,961	37,208	40,229	40,132	40,132	40,132	44,429	49,458	54,263
Municipal Systems Improvement		342	966	1,315	930	930	930	-	-	-
Finance Management		2,232	2,673	1,977	1,600	1,600	1,600	1,625	1,700	1,955
EPWP Incentive		1,021	2,984	972	1,438	1,466	1,466	1,317	-	-
Integrated National Electrification Programme				418	-	5,000	5,000	6,000	7,000	-
Other transfers/grants [insert description]		5,341			4,400	4,400	4,400	4,897	5,452	5,981
Provincial Government:		1,701	4,434	2,913	3,142	4,011	4,011	3,201	3,335	3,506
		1,562	2,672	2,752	2,976	2,976	2,976	2,668	2,774	2,919
		134	284	161	166	656	656	175	184	193
		5	1,320		-	25	25			
Other transfers/grants [insert description]		-	158		-	354	354	358	377	394
District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
Other grant providers: [insert description]		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	40,598	48,265	47,824	51,642	57,540	57,540	61,469	66,945	65,705
Capital Transfers and Grants										
National Government:		24,364	19,487	21,415	27,249	22,364	22,364	21,866	23,506	24,653
Municipal Infrastructure Grant (MIG)		24,364	18,912	21,415	22,249	22,249	22,249	21,866	23,506	24,653
Dept. of Energy- NATIONAL GRANT			575	-	5,000	135	135	-	-	-
Other capital transfers/grants [insert desc]										
Provincial Government:		2,409	8,641	32,312	-	19,927	19,927	-	-	-
Mandela Capture site		2,409	8,641	32,312		19,927	19,927	-	-	-
District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
Other grant providers: [insert description]		-	-	-	-	1,391	1,391	-	-	-
Total Capital Transfers and Grants	5	26,774	28,128	53,727	27,249	43,702	43,702	21,866	23,506	24,653
TOTAL RECEIPTS OF TRANSFERS & GRANTS		67,372	76,393	101,551	78,891	101,242	101,242	83,335	90,451	90,358

2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and

- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 36 MBRR Table A7 - Budget cash flow statement

KZN222 uMngeni - Table A7 Budgeted Cash Flows

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		98,484	104,169	126,095	130,685	132,187	132,187	132,187	163,423	173,555	183,795
Service charges		53,135	51,944	57,768	63,667	64,546	64,546	64,546	73,615	80,380	87,755
Other revenue		58,151	50,904	28,037	27,601	27,308	27,308	27,308	24,996	26,545	28,112
Government - operating	1	42,208	50,677	47,728	51,426	56,426	56,426	56,426	61,469	66,945	65,705
Government - capital	1	24,364	28,128	55,249	27,249	22,249	22,249	22,249	21,866	23,506	24,653
Interest		6,890	3,524	718	3,112	3,494	3,494	3,494	5,448	5,787	6,129
Dividends					-	-	-	-	-	-	-
Payments											
Suppliers and employees		(246,789)	(215,949)	(212,865)	(281,787)	(281,107)	(281,107)	(281,107)	(309,001)	(325,220)	(341,766)
Finance charges		(5,992)	(4,297)	(3,675)	(4,760)	(4,760)	(4,760)	(4,760)	(5,127)	(5,445)	(5,767)
Transfers and Grants	1			(7,162)	(7,110)	(3,250)	(3,250)	(3,250)	(3,465)	(3,680)	(3,897)
NET CASH FROM/(USED) OPERATING ACTIVITIES		30,452	68,099	92,893	30,283	17,093	17,093	17,093	33,225	42,374	44,719
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	(14,949)	148	-	8,234	8,234	8,234	-	-	-
Payments											
Capital assets		(24,364)	(36,668)	(90,975)	(27,249)	(44,409)	(44,409)	(44,409)	(28,148)	(32,764)	(35,786)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(24,364)	(51,617)	(90,827)	(27,249)	(36,175)	(36,175)	(36,175)	(28,148)	(32,764)	(35,786)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits				(79)		69	69	69	(135)	(64)	(62)
Payments											
Repayment of borrowing		(2,368)	(2,445)	(2,560)	(2,650)	(2,650)	(2,650)	(2,650)	(2,805)	(2,973)	(3,152)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(2,368)	(2,445)	(2,638)	(2,650)	(2,581)	(2,581)	(2,581)	(2,940)	(3,037)	(3,214)
NET INCREASE/ (DECREASE) IN CASH HELD		3,720	15,037	(573)	384	(21,663)	(21,663)	(21,663)	1,137	6,573	5,720
Cash/cash equivalents at the year begin:	2	(5,995)	(2,275)	8,676	8,377	46,652	46,652	46,652	24,989	26,126	32,699
Cash/cash equivalents at the year end:	2	(2,275)	12,763	8,103	8,761	24,989	24,989	24,989	26,126	32,699	38,419

The above table shows that cash and cash equivalents of the Municipality were largely depleted between the 2012/2013 and 2016/2017 financial year moving from a negative cash balance of R2,2 million to a surplus of R 24,9 million with the approved 2015/2016 MTREF. With the 2015/2016 adjustments budget various cost efficiencies and savings had to be realised to ensure the Municipality could meet its operational expenditure commitments. In addition the Municipality undertook an extensive debt collection process to boost cash levels. These initiatives and interventions have translated into a positive cash position for the Municipality.

2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?

- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 37 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

KZN222 uMngeni - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash and investments available											
Cash/cash equivalents at the year end	1	(2,275)	12,763	8,103	8,761	24,989	24,989	24,989	26,126	32,699	38,419
Other current investments > 90 days		14,849	25,711	38,548	18,165	0	0	0	-	-	-
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and Investments available:		12,574	38,474	46,652	26,926	24,989	24,989	24,989	26,126	32,699	38,419
Application of cash and investments											
Unspent conditional transfers		12,814	17,831	22,223	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	(15,678)	(16,478)	(19,414)	(39,873)	(49,992)	(49,992)	(49,992)	(37,888)	(37,011)	(35,080)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		(2,864)	1,353	2,809	(39,873)	(49,992)	(49,992)	(49,992)	(37,888)	(37,011)	(35,080)
Surplus(shortfall)		15,438	37,121	43,843	66,799	74,981	74,981	74,981	64,014	69,710	73,499

From the above table it can be seen that the cash and investments available total R47,5 million positive in the 2016/2017 financial year and progressively increase to R49,9 million positive by 2015/16, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business.
- There is no unspent borrowing from the previous financial years. In terms of the municipality's Borrowing and Investments Policy, borrowings are only drawn down once the expenditure has been incurred against the particular project. Unspent borrowing is ring-fenced and reconciled on a monthly basis to ensure no unnecessary liabilities are incurred.
- Provisions for statutory requirements include VAT owing to timing differences resulting from year-end obligations. The liability in this regard totalled R0 million for the 2016/2017 financial year.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors.

For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.

- Long term investments consist primarily of the sinking funds for the repayment of future borrowings. The sinking fund value is held within long term investments and must be 'held to maturity' and is not available for spending.

2.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding

compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 38 MBRR SA10 – Funding compliance measurement

Total Operating Revenue		239,984	244,483	257,403	264,126	266,012	266,012	266,012	315,908	337,161	361,473
Total Operating Expenditure		230,481	259,378	283,240	259,285	285,932	285,932	285,932	310,530	330,356	356,554
Operating Performance Surplus/(Deficit)		9,502	(14,895)	(25,837)	4,842	80	80	80	5,378	6,805	4,919
Cash and Cash Equivalents (30 June 2012)									1,716		
Revenue											
% Increase in Total Operating Revenue			1.9%	5.3%	2.6%	8.3%	0.0%	0.0%	10.5%	6.7%	7.2%
% Increase in Property Rates Revenue			10.7%	10.6%	13.7%	0.4%	0.0%	0.0%	13.0%	5.5%	5.3%
% Increase in Electricity Revenue			(3.4%)	6.4%	8.3%	7.6%	0.0%	0.0%	12.7%	12.7%	12.7%
% Increase in Property Rates & Services Charges			6.1%	8.0%	11.4%	2.5%	0.0%	0.0%	12.5%	7.7%	7.7%
Expenditure											
% Increase in Total Operating Expenditure			12.5%	9.2%	(5.5%)	10.3%	0.0%	0.0%	8.6%	6.4%	7.9%
% Increase in Employee Costs			2.7%	(10.2%)	23.7%	8.5%	0.0%	0.0%	19.0%	5.4%	5.2%
% Increase in Electricity Bulk Purchases			17.5%	8.6%	(0.3%)	13.8%	0.0%	0.0%	14.2%	14.2%	14.2%
Average Cost Per Budgeted Employee Position (Remuneration)				186487.66	0				0		
Average Cost Per Councilor (Remuneration)				0	0				0		
R&M % of PPE		0.6%	0.6%	0.8%	2.8%	2.3%	2.3%		3.1%	3.1%	3.3%
Asset Renewal and R&M as a % of PPE		8679.0%	1.0%	1.0%	67.0%	58.0%	54.0%		3.0%	3.0%	3.0%
Debt Impairment % of Total Billable Revenue		12.1%	9.0%	12.7%	4.0%	10.2%	10.2%	10.2%	8.6%	9.4%	9.2%
Capital Revenue											
Internally Funded & Other (R'000)		-	-	5,007	1,600	1,120	1,120	1,120	-	-	-
Borrowing (R'000)		-	-	-	-	-	-	-	-	-	-
Grant Funding and Other (R'000)		24,536	26,858	28,128	21,415	66,872	66,872	66,872	27,249	27,993	24,109
Internally Generated funds % of Non Grant Funding		0.0%	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%	0.0%	0.0%
Borrowing % of Non Grant Funding		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grant Funding % of Total Funding		100.0%	100.0%	84.9%	93.0%	98.4%	98.4%	98.4%	100.0%	100.0%	100.0%
Capital Expenditure											
Total Capital Programme (R'000)		24,536	26,858	33,135	23,015	67,992	67,992	67,992	27,249	27,993	24,109
Asset Renewal		-	-	-	-	-	-	-	-	-	-
Asset Renewal % of Total Capital Expenditure		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash											
Cash Receipts % of Rate Payer & Other		48.1%	48.9%	52.2%	55.4%	49.7%	49.7%	49.7%	44.8%	47.7%	46.8%
Cash Coverage Ratio		(0)	(0)	0	0	0	0	0	0	0	0
Borrowing											
Credit Rating (2009/10)									0.9		
Capital Charges to Operating		3.3%	3.2%	2.4%	2.7%	2.4%	2.4%	2.4%	2.4%	2.4%	2.3%
Borrowing Receipts % of Capital Expenditure		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Reserves											
Surplus/(Deficit)		(35,667)	(8,968)	12,073	66,958	52,939	58,494	58,494	20,831	23,655	21,441
Free Services											
Free Basic Services as a % of Equitable Share		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Free Services as a % of Operating Revenue (excl operational transfers)		35.9%	28.0%	27.3%	24.9%	22.7%	22.7%		21.5%	21.2%	19.7%
High Level Outcome of Funding Compliance											
Total Operating Revenue		239,984	244,483	257,403	264,126	266,012	266,012	266,012	315,908	337,161	361,473
Total Operating Expenditure		230,481	259,378	283,240	259,285	285,932	285,932	285,932	310,530	330,356	356,554
Surplus/(Deficit) Budgeted Operating Statement		9,502	(14,895)	(25,837)	4,842	80	80	80	5,378	6,805	4,919
Surplus/(Deficit) Considering Reserves and Cash Backing		(26,165)	(23,863)	(13,764)	91,799	53,018	58,574	58,574	26,210	30,460	26,360
MTREF Funded (1) / Unfunded (0)	15	0	0	0	1	1	1	1	1	1	1
MTREF Funded ✓ / Unfunded ✗	15	✗	✗	✗	✓	✓	✓	✓	✓	✓	✓

2.6.5.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year.

2.6.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 21, on page 31. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.6.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been falling significantly for the period 2010/2011 to 2014/15, moving from 2.9 to (0.1) with the adopted 2013/14 MTREF. As part of the 2014/15 MTREF the municipalities decreasing cash position causes the ratio to move to 0.1 and then decreases to (0.7) for the outer years. As indicated above the Municipality aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

2.6.5.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.6.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 0, 0 and 0 per cent for the respective financial year of the 2016/2017 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 6 per cent, with the increase in electricity at 9,4per cent it is to be expected that the increase in revenue will exceed the inflation target figures. However, the outcome is lower than it might be

due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

2.6.5.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. Given that the assumed collection rate was based on a 88 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly?

2.6.5.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 0.3, 0.3 and 0.3 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.6.5.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 0 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

2.6.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded.

2.6.5.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

2.6.5.11 Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtor's accounts within 30 days.

2.6.5.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance are contained in Table 55 MBRR SA34C on page 91.

2.6.5.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 54 MBRR SA34b on page 116.

2.7 Expenditure on transfers and grants programmes

Table 39 MBRR SA19 - Expenditure on transfers and grant programmes

KZN222 uMngeni - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		33,556	43,831	44,911	48,500	53,528	53,528	58,268	63,610	62,199
Local Government Equitable Share		29,961	37,206	40,229	40,132	40,132	40,132	44,429	49,458	54,263
Municipal Systems Improvement		342	966	1,315	930	930	930	-	-	-
Finance Management		2,232	2,673	1,977	1,600	1,600	1,600	1,625	1,700	1,955
EPWP Incentive		1,021	2,984	972	1,438	1,466	1,466	1,317		
Integrated National Electrification Programme				418	-	5,000	5,000	6,000	7,000	-
Other transfers/grants [insert description]					4,400	4,400	4,400	4,897	5,452	5,981
Provincial Government:		1,701	4,434	3,063	3,142	4,011	4,011	3,201	3,335	3,506
		1,562	2,672	2,762	2,976	2,976	2,976	2,668	2,774	2,919
		134	284	161	166	656	656	175	184	193
		5	1,320	150	-	25	25			
			158	-	-	354	354			
Other transfers/grants [insert description]		-			-	-	-	358	377	394
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total operating expenditure of Transfers and Grants		35,257	48,265	47,974	51,642	57,540	57,540	61,469	66,945	65,705
Capital expenditure of Transfers and Grants										
National Government:		24,364	19,487	21,415	27,249	22,384	22,384	21,866	23,506	24,653
Municipal Infrastructure Grant (MIG)		24,364	18,912	21,415	22,249	22,249	22,249	21,866	23,506	24,653
Dept. of Energy - NATIONAL GRANT		-	575		5,000	135	135	-	-	-
Other capital transfers/grants [insert desc]					-	-	-	-	-	-
Provincial Government:		2,409	8,641	32,312	-	19,927	19,927	-	-	-
Mandela Capture site		2,409	8,641	32,312		19,927	19,927	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	1,391	1,391	-	-	-
[insert description]						1,391	1,391	-	-	-
Total capital expenditure of Transfers and Grants		26,774	28,128	53,727	27,249	43,702	43,702	21,866	23,506	24,653
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		62,031	76,393	101,702	78,891	101,242	101,242	83,335	90,451	90,358

Table 40 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

KZN222 uMngeni - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		2,543	2,543	28		28	28	-	-	-
Current year receipts		-	-			53,500	53,500	58,268	63,610	62,199
Conditions met - transferred to revenue		2,543	2,543	28	-	53,528	53,528	58,268	63,610	62,199
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year		831	10,271	870		870	870	-	-	-
Current year receipts		2,935	-			3,142	3,142	3,201	3,335	3,506
Conditions met - transferred to revenue		3,766	10,271	870	-	4,012	4,012	3,201	3,335	3,506
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year								-	-	-
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year								-	-	-
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		6,309	12,814	899	-	57,541	57,541	61,469	66,945	65,705
Total operating transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year				6		6	6	-	-	-
Current year receipts						22,249	22,249	21,866	23,506	24,653
Conditions met - transferred to revenue		-	-	6	-	22,255	22,255	21,866	23,506	24,653
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year				21,318		21,318	21,318	-	-	-
Current year receipts						-	-	-	-	-
Conditions met - transferred to revenue		-	-	21,318	-	21,318	21,318	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		-	-	21,324	-	43,573	43,573	21,866	23,506	24,653
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		6,309	12,814	22,223	-	101,114	101,114	83,335	90,451	90,358
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	-	-	-	-	-	-	-

2.8 Councillor and employee benefits

Table 41 MBRR SA22 - Summary of councillor and staff benefits

KZN222 uMngeni - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1	5,465	5,745	6,119	6,726	7,092	7,092	7,763	8,151	8,559
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Motor Vehicle Allowance										
Cellphone Allowance										
Housing Allowances										
Other benefits and allowances										
Sub Total - Councillors	4	5,465	5,745	6,119	6,726	7,092	7,092	7,763	8,151	8,559
% Increase			5.1%	6.5%	9.9%	5.4%	-	9.5%	5.0%	5.0%
Senior Managers of the Municipality	2	4,096	3,079	3,595	6,241	6,241	6,241	6,802	7,143	7,500
Basic Salaries and Wages			37		12	12	12	11	11	12
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3		320	729	178	351	351	-		
Cellphone Allowance	3		43	60	114	114	114	114	120	126
Housing Allowances	3									
Other benefits and allowances	3							146	153	151
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality	4	4,096	3,479	4,394	6,546	6,719	6,719	7,073	7,428	7,799
% Increase			(15.1%)	26.3%	49.0%	2.6%	-	5.3%	5.0%	5.0%
Other Municipal Staff		49,337	42,602	53,036	60,744	53,818	53,818	57,616	56,349	60,237
Basic Salaries and Wages		7,312	8,910	10,385	11,215	11,430	11,430	10,345	11,085	11,855
Pension and UIF Contributions		2,669	3,219	3,742	6,054	4,680	4,680	6,183	6,828	7,086
Medical Aid Contributions		3,935	3,918	5,563	4,418	5,840	5,840	6,114	6,554	7,007
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3	534	1,155	2,964	3,459	3,597	3,597	3,556	3,812	4,075
Cellphone Allowance	3	47	202	314	375	341	341	312	334	358
Housing Allowances	3	203	183	248	752	586	586	716	768	821
Other benefits and allowances	3	14,171	2,690	4,790	5,371	5,616	5,616	6,130	6,494	7,109
Payments in lieu of leave			3,102	2,376	4,605	3,105	3,105	3,309	3,515	3,722
Long service awards										
Post-retirement benefit obligations	6				691	691	691	736	782	828
Sub Total - Other Municipal Staff	4	75,209	65,978	83,387	97,683	89,785	89,785	95,018	96,326	103,087
% Increase			(12.3%)	26.4%	17.1%	(8.2%)	-	5.9%	1.4%	7.0%
Total Parent Municipality		84,770	75,203	93,910	110,956	103,515	103,515	109,854	111,904	119,454
			(11.3%)	24.9%	18.2%	(6.7%)	-	8.1%	1.8%	6.7%
Board Members of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Board Fees										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Board Members of Entities	4	-	-	-	-	-	-	-	-	-
% Increase										
Senior Managers of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Entities	4	-	-	-	-	-	-	-	-	-
% Increase										
Other Staff of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Staff of Entities	4	-	-	-	-	-	-	-	-	-
% Increase										
Total Municipal Entities		-	-	-	-	-	-	-	-	-
TOTAL SALARY, ALLOWANCES & BENEFITS		84,770	75,203	93,910	110,956	103,515	103,515	109,854	111,904	119,454
% Increase	4		(11.3%)	24.9%	18.2%	(6.7%)	-	8.1%	1.8%	6.7%
TOTAL MANAGERS AND STAFF	5,7	79,305	69,458	87,791	104,229	96,423	96,423	102,091	103,753	110,898

KZN222 uMngeni - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

80

Table 43 MBRR SA24 – Summary of personnel numbers

KZN222 uMngeni - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers Number	Ref	2014/15			Current Year 2015/16			Budget Year 2016/17		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)			21			21			21	
Board Members of municipal entities	4									
Municipal employees	5									
Municipal Manager and Senior Managers	3			6			6			6
Other Managers	7		22			25			25	
Professionals		-	5	-	-	6	-	-	6	-
Finance										
Spatial/town planning			4			4			4	
Information Technology			1			1			1	
Roads										
Electricity						1			1	
Water										
Sanitation										
Refuse										
Other										
Technicians		-	29	-	-	79	-	-	129	-
Finance										
Spatial/town planning										
Information Technology										
Roads			29			79			129	
Electricity										
Water										
Sanitation										
Refuse										
Other										
Clerks (Clerical and administrative)			77			86			85	
Service and sales workers			13			19			19	
Skilled agricultural and fishery workers										
Craft and related trades			10			10			10	
Plant and Machine Operators			29			29			29	
Elementary Occupations			150			150			150	
TOTAL PERSONNEL NUMBERS	9	-	356	6	-	425	6	-	475	6
% Increase						19.4%			11.8%	
Total municipal employees headcount	6, 10									
Finance personnel headcount	8, 10									
Human Resources personnel headcount	8, 10									

2.9 Monthly targets for revenue, expenditure and cash flow

Table 44 MBRR SA25 - Budgeted monthly revenue and expenditure

R thousand	Ref	Description	Budget Year 2018/17												Medium Term Revenue and Expenditure Framework		
			Budget Year 2018/17												June	May	Budget Year 2016/17
			July	August	Sept.	October	November	December	January	February	March	April	May	June			
Revenue By Source																	
Property rates		16,139	15,089	15,159	14,644	15,125	14,722	14,159	14,915	14,846	14,841	14,846	14,846	14,570	179,053	190,155	201,374
Property rates - penalties & collection charges		325	300	395	292	325	424	215	3,246	285	387	285	296	462	6,655	7,067	7,484
Service charges - electricity revenue		8,243	8,654	5,943	7,812	5,847	6,117	5,101	6,782	6,879	5,985	6,879	5,893	6,884	78,142	85,487	93,523
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		483	495	489	480	487	487	413	417	418	413	418	416	517	5,512	5,854	6,159
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		67	67	16	59	61	59	55	59	57	51	57	62	105	715	764	809
Interest earned - external investments		226	258	363	334	216	1,136	24	5	117	654	117	125	286	3,725	3,956	4,189
Interest earned - outstanding debtors		213	305	170	144	13	155	202	312	104	152	104	152	39	1,960	2,081	2,204
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines		1,243	856	1,289	1,257	2,198	143	1,637	2,207	3,382	3,255	3,382	3,784	2,665	23,916	25,399	26,897
Licences and permits		335	222	246	246	234	243	232	315	345	207	345	290	522	3,439	3,653	3,868
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		20,186	2,957	3,082	-	14,527	-	12,380	300	8,037	-	8,037	-	-	61,469	66,945	65,705
Other revenue		78	628	308	105	104	563	653	586	581	2,326	581	687	757	7,375	7,829	8,291
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		45,538	29,832	27,461	25,373	39,137	24,048	35,071	29,143	35,051	28,270	35,051	28,550	26,487	371,962	399,189	420,544
Expenditure By Type																	
Employee related costs		8,508	8,508	8,508	8,508	8,508	8,508	8,508	8,508	8,508	8,508	8,508	8,508	8,508	102,091	103,753	110,896
Remuneration of councillors		647	647	647	647	647	647	647	647	647	647	647	647	647	7,763	8,151	8,558
Debt impairment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment		2,414	2,414	2,414	2,414	2,414	2,414	2,414	2,414	2,414	2,414	2,414	2,414	2,414	28,974	30,770	32,586
Finance charges		0	0	1,204	5,821	0	1,446	0	-	-	1,049	-	-	-	1,428	5,127	5,445
Bulk purchases		6,226	22,284	7,472	-	-	5,456	6,158	8,322	8,457	6,389	8,457	6,987	7,788	96,964	106,078	116,050
Other materials		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services		1,077	1,077	1,077	1,077	1,077	1,077	1,077	1,077	1,077	1,077	1,077	1,077	1,077	12,929	13,730	14,540
Transfers and grants		577	577	577	577	577	577	577	577	577	577	577	577	(2,887)	3,465	3,660	3,887
Other expenditure		5,797	7,324	7,339	6,947	4,966	8,129	9,830	8,755	6,584	8,590	6,584	8,655	6,339	89,255	93,507	91,722
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		25,247	42,832	29,239	25,993	23,794	28,255	29,212	30,300	28,265	29,251	28,265	28,866	48,192	369,445	389,411	409,745
Surplus/(Deficit)		20,291	(13,000)	(1,778)	(619)	15,344	(4,207)	5,860	(1,157)	6,786	(981)	6,786	(2,316)	(21,705)	2,517	9,778	10,798
Transfers recognised - capital		-	5,000	-	-	9,540	-	-	-	-	7,326	-	-	-	21,866	23,506	24,663
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		20,291	(8,000)	(1,778)	(619)	24,884	(4,207)	5,860	(1,157)	6,345	6,345	6,786	(2,316)	(21,705)	24,383	33,284	35,451
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	20,291	(8,000)	(1,778)	(619)	24,884	(4,207)	5,860	(1,157)	6,786	6,345	6,786	(2,316)	(21,705)	24,383	33,284	35,451

Table 45 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

KZN222 uMngeni - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

R thousand	Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework			
			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
Revenue by Vote																		
	Vote 1 - Executive and Council		24,758	11,319	12,086	10,385	20,842	12,474	10,189	13,216	23,224	12,841	18,841	57,649	225,824	241,742	257,595	
	Vote 2 - Finance		1,809	176	105	103	128	385	163	125	378	255	354	2,582	6,564	6,945	7,510	
	Vote 3 - Corporate Services		28	85	23	23	82	63	130	126	280	58	125	231	1,233	1,309	1,386	
	Vote 4 - Planning Services		8	10	20	20	-	0	11	215	358	25	10	351	1,030	1,094	1,158	
	Vote 5 - Community Services		3,692	2,185	2,276	1,379	792	856	873	1,692	1,784	3,276	1,279	12,585	32,667	32,504	34,386	
	Vote 6 - Technical Services		2,223	1,021	598	592	4,084	839	751	798	892	2,084	839	21,588	36,307	39,921	42,330	
	Vote 7 - Economic Development and Growth		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Vote 8 - Internal Audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Vote 9 - Electricity		7,616	5,913	5,726	5,189	6,195	5,706	5,317	5,988	6,689	6,195	6,706	22,967	90,204	99,179	100,821	
	Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Revenue by Vote			40,133	20,709	20,833	17,690	32,123	20,322	17,433	22,160	33,585	24,734	26,153	117,953	393,828	422,695	445,197	
Expenditure by Vote to be appropriated																		
	Vote 1 - Executive and Council		1,765	3,012	2,350	2,327	2,028	2,860	2,116	4,535	3,327	4,028	2,860	19,547	50,756	53,723	56,994	
	Vote 2 - Finance		1,226	1,309	1,548	1,533	1,597	1,177	1,658	1,533	1,597	4,177	2,658	30,467	50,481	53,707	57,182	
	Vote 3 - Corporate Services		1,320	2,209	3,306	1,893	1,859	2,493	2,739	1,209	2,306	1,293	2,859	2,008	25,495	27,186	28,907	
	Vote 4 - Planning Services		744	562	651	644	651	560	562	744	562	651	644	(358)	6,616	6,652	7,099	
	Vote 5 - Community Services		2,002	3,002	2,611	4,189	2,350	4,107	3,924	3,322	2,389	7,457	1,507	10,908	47,768	45,508	48,352	
	Vote 6 - Technical Services		3,231	6,303	2,847	4,476	3,720	5,744	5,195	4,782	2,985	1,931	6,893	14,114	62,223	64,944	69,056	
	Vote 7 - Economic Development and Growth		186	266	171	169	167	166	186	266	171	169	167	530	2,614	2,799	2,990	
	Vote 8 - Internal Audit		71	95	72	71	88	88	95	72	71	88	88	548	1,448	1,552	1,659	
	Vote 9 - Electricity		10,342	15,666	10,010	10,073	8,886	6,227	7,182	7,010	10,858	6,596	5,227	23,965	122,042	133,340	137,507	
	Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Expenditure by Vote			20,888	32,424	23,557	25,376	21,347	23,423	23,657	23,473	24,268	26,391	22,904	101,728	369,445	389,411	409,745	
Surplus/(Deficit) before assoc.			19,245	(11,715)	(2,735)	(7,686)	10,776	(3,101)	(6,224)	(1,313)	9,317	(1,657)	3,249	16,225	24,383	33,284	35,451	
	Taxation																	
	Attributable to minorities																	
	Share of surplus/ (deficit) of associate																	
1	Surplus/(Deficit)		19,245	(11,715)	(2,735)	(7,686)	10,776	(3,101)	(6,224)	(1,313)	9,317	(1,657)	3,249	16,225	24,383	33,284	35,451	

Table 46 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

KZN222 uMhgeni - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

R thousand	Ref	Description	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework			
			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
Revenue - Standard																		
<i>Governance and administration</i>																		
Executive and council		26,575	11,557	12,191	10,489	21,028	12,915	10,464	13,399	23,659	13,208	17,320	60,516	233,319	249,677	266,153		
Budget and treasury office		24,756	11,319	12,086	10,395	20,842	12,474	10,189	13,216	23,224	12,941	16,841	57,649	225,824	241,742	257,595		
Corporate services		1,809	176	105	103	128	385	163	125	378	255	354	2,582	6,564	6,945	7,510		
<i>Community and public safety</i>																		
Community and social services		3,416	2,212	2,297	1,373	818	882	890	1,423	777	4,226	1,676	17,021	36,981	35,697	37,778		
Sport and recreation		27	29	524	515	27	10	19	215	22	259	22	1,926	3,595	3,753	3,949		
Public safety		3,387	2,183	1,772	857	790	852	869	1,207	755	3,367	1,654	13,086	31,389	31,936	33,821		
Housing																		
Health																		
<i>Economic and environmental services</i>																		
Planning and development		169	612	208	218	147	422	349	940	574	584	33	16,540	20,896	24,600	25,811		
Road transport		8	10	20	20	20	0	11	358	25	25	10	351	1,030	1,094	1,198		
Environmental protection		160	602	188	198	147	422	338	724	216	658	23	16,189	13,866	23,505	24,653		
<i>Trading services</i>																		
Electricity		9,973	6,328	6,137	5,510	10,131	6,123	5,730	6,399	8,575	6,616	7,123	23,877	102,622	112,721	115,455		
Water		7,616	5,913	5,726	5,185	6,195	5,706	5,317	5,988	6,689	6,195	6,706	22,967	90,204	99,179	100,821		
Waste water management																		
Waste management		2,358	415	411	422	3,937	417	413	411	1,887	422	417	910	12,418	13,541	14,634		
<i>Other</i>																		
Total Revenue - Standard		40,133	20,709	20,833	17,990	32,123	20,322	17,433	22,160	33,585	24,734	26,153	117,954	393,829	422,695	445,197		
Expenditure - Standard																		
<i>Governance and administration</i>																		
Executive and council		4,501	6,060	6,760	7,182	6,531	6,192	7,070	9,277	7,231	9,498	8,377	45,881	124,561	132,310	140,641		
Budget and treasury office		1,765	3,012	2,350	2,327	2,028	2,860	2,116	4,535	3,327	4,028	2,860	15,796	47,005	49,968	52,994		
Corporate services		1,226	1,309	1,548	1,533	1,597	1,177	1,658	1,533	1,597	1,293	2,859	30,467	50,481	53,707	57,182		
<i>Community and public safety</i>																		
Community and social services		1,510	1,739	2,861	3,323	2,906	2,155	3,295	3,203	2,306	1,293	2,859	9,661	27,075	28,635	30,405		
Sport and recreation		2,181	4,821	3,991	3,265	2,538	5,139	2,400	4,039	3,343	6,374	7,082	54,815	54,815	53,035	56,370		
Public safety		755	613	659	1,652	905	733	1,132	1,543	855	915	1,487	3,912	15,160	16,134	17,128		
Housing		653	675	684	677	771	821	652	751	548	3,358	578	(1,615)	8,554	9,159	9,779		
Health		688	3,469	2,583	872	805	3,528	556	1,682	1,761	1,905	4,872	6,828	29,569	26,101	27,709		
<i>Economic and environmental services</i>																		
Planning and development		1,511	1,905	1,469	2,627	2,310	6,266	1,836	1,989	10,903	1,805	3,187	7,201	43,011	44,073	46,908		
Road transport		444	552	351	644	651	560	562	744	562	651	644	292	6,616	6,652	7,099		
Environmental protection		1,067	1,344	1,118	1,983	1,699	5,708	1,274	1,245	10,340	1,155	2,543	6,959	36,394	37,420	39,809		
<i>Trading services</i>																		
Electricity		12,393	19,636	11,047	12,300	9,969	6,826	12,350	8,167	11,792	8,713	4,275	28,584	147,052	159,987	165,820		
Water		10,342	15,066	10,010	10,073	8,866	6,227	7,182	7,010	10,858	6,595	2,600	26,592	122,042	133,340	137,507		
Waste water management		264	213	220	222	247	179	331	422	246	685	532	(843)	2,719	2,911	3,107		
Waste management		1,787	3,756	817	2,006	836	420	4,837	735	688	1,431	1,143	3,835	22,291	23,737	25,206		
<i>Other</i>																		
Total Expenditure - Standard		20,387	32,424	23,267	25,376	21,347	24,423	23,657	23,473	33,268	26,391	22,904	92,329	369,445	389,411	409,745		
Surplus/(Deficit) before assoc.		19,546	(11,715)	(2,434)	(7,686)	10,776	(4,102)	(6,224)	(1,312)	317	(1,657)	3,249	25,625	24,383	33,284	35,451		
Share of surplus/ (deficit) of associate																		
Surplus/(Deficit)	1	19,546	(11,715)	(2,434)	(7,686)	10,776	(4,102)	(6,224)	(1,312)	317	(1,657)	3,249	25,625	24,383	33,284	35,451		

Table 47 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

KZN222 uMngeni - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

R thousand	Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
			July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
1	Multi-year expenditure to be appropriated																
	Vote 1 - Executive and Council																
	Vote 2 - Finance																
	Vote 3 - Corporate Services																
	Vote 4 - Planning Services																
	Vote 5 - Community Services																
	Vote 6 - Technical Services																
	Vote 7 - Economic Development and Growth																
	Vote 8 - Internal Audit																
	Vote 9 - Electricity																
	Vote 10 - [NAME OF VOTE 10]																
	Vote 11 - [NAME OF VOTE 11]																
	Vote 12 - [NAME OF VOTE 12]																
	Vote 13 - [NAME OF VOTE 13]																
	Vote 14 - [NAME OF VOTE 14]																
	Vote 15 - [NAME OF VOTE 15]																
2	Capital multi-year expenditure sub-total																
	Single-year expenditure to be appropriated																
	Vote 1 - Executive and Council																
	Vote 2 - Finance			175											175	186	197
	Vote 3 - Corporate Services					139									139	148	157
	Vote 4 - Planning Services		114					292							292	311	330
	Vote 5 - Community Services														114	122	129
	Vote 6 - Technical Services			1,548							702				2,251	267	283
	Vote 7 - Economic Development and Growth			6,907		1,427	4,690		6,581		2,584		3,449		26,176	23,730	26,690
	Vote 8 - Internal Audit																
	Vote 9 - Electricity																
	Vote 10 - [NAME OF VOTE 10]																
	Vote 11 - [NAME OF VOTE 11]																
	Vote 12 - [NAME OF VOTE 12]																
	Vote 13 - [NAME OF VOTE 13]																
	Vote 14 - [NAME OF VOTE 14]																
	Vote 15 - [NAME OF VOTE 15]																
2	Capital single-year expenditure sub-total																
	Total Capital Expenditure		114	713	8,455	1,566	4,690	292	6,581		3,287		3,449		29,148	32,764	35,786
2			114	713	8,455	1,566	4,690	292	6,581		3,287		3,449		29,148	32,764	35,786

Table 48 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

KZN222 uMngeni- Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

R thousand	Description	Ref	Budget Year 2018/17												Medium Term Revenue and Expenditure Framework		
			July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
1	Capital Expenditure - Standard																
	<i>Governance and administration</i>																
	Executive and council		-	175	-	139	-	292	-	-	-	-	-	-	607	646	684
	Budget and treasury office			175	-	139	-	-	-	-	-	-	-	-	175	186	197
	Corporate services														139	148	157
	<i>Community and public safety</i>														292	311	330
	Community and social services			-	1,799	-	-	-	-	-	-	452	-	-	2,251	257	283
	Sport and recreation			-	251	-	-	-	-	-	-	-	-	-	251	267	283
	Public safety			-	1,548	-	-	-	-	-	-	452	-	-	2,000	-	-
	Housing			-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Health			-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<i>Economic and environmental services</i>																
	Planning and development			538	907	-	4,690	1,117	6,581	114	2,584	-	3,449	-	19,980	23,628	24,582
	Road transport			-	-	-	-	-	-	114	-	-	-	-	114	122	129
	Environmental protection			538	907	-	4,690	1,117	6,581	-	2,584	-	3,449	-	19,866	23,506	24,463
	<i>Trading services</i>														-	-	-
	Electricity			-	-	4,500	-	-	-	-	-	-	-	-	4,500	8,000	8,000
	Water			-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Waste water management			-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Waste management			-	-	4,500	-	-	-	-	-	-	-	-	4,500	8,000	8,000
	<i>Other</i>														1,810	224	237
2	Total Capital Expenditure - Standard		-	713	2,706	4,639	4,690	1,409	6,581	114	2,584	452	3,449	1,810	29,148	32,764	33,786
	Funded by:																
	National Government			713	2,706	-	4,690	1,117	6,581	26	2,584	-	3,449	-	21,866	23,506	24,453
	Provincial Government			-	-	-	-	-	-	-	-	-	-	-	-	-	-
	District Municipality			-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Other transfers and grants			-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Transfers recognised - capital			713	2,706	-	4,690	1,117	6,581	26	2,584	-	3,449	-	21,866	23,506	24,453
	Public contributions & donations														-	-	-
	Borrowing														-	-	-
	Internally generated funds														7,282	9,258	9,333
	Total Capital Funding		-	713	2,706	4,639	4,690	1,409	6,581	141	2,584	452	3,449	1,794	29,148	32,764	33,786

Table 49 MBRR SA30 - Budgeted monthly cash flow

KZN222 uMngeni - Supporting Table SA30 Budgeted monthly cash flow												
MONTHLY CASH FLOWS												
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June
Medium Term Revenue and Expenditure Framework												
	Budget Year 2016/17	Budget Year 2017/18	Budget Year 2018/19	Budget Year 2019/20	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23	Budget Year 2023/24	Budget Year 2024/25	Budget Year 2025/26	Budget Year 2026/27	Budget Year 2027/28
Cash Receipts By Source												
Property rates	14,238	14,941	13,043	13,160	12,040	12,880	12,789	12,754	12,584	12,842	12,848	13,449
Property rates - penalties & collection charges	114	11	26	15	16	9	31	815	2,547	1,452	536	285
Service charges - electricity revenue	5,541	7,001	5,396	6,346	5,428	5,126	5,477	5,537	5,216	5,321	6,590	5,786
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - other	296	434	426	443	404	422	355	513	486	382	254	426
Rental of facilities and equipment	-	-	-	-	-	-	-	-	-	-	-	-
Interest earned - external investments	226	258	363	334	216	1,136	24	5	654	117	125	266
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-
Fines	446	570	628	458	584	617	637	1,525	2,325	1,258	2,154	3,147
Licences and permits	220	212	145	176	206	220	232	214	256	125	135	1,287
Agency services	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	20,186	2,957	3,082	-	14,527	-	12,380	300	-	8,037	-	-
Other revenue	1,195	104	420	1,738	1,368	219	3	125	199	86	153	880
Cash Receipts by Source	42,478	26,518	23,607	22,713	34,818	20,687	31,983	21,856	24,351	29,708	22,882	27,340
Other Cash Flows by Source												
Transfer receipts - capital	-	5,000	-	-	9,540	-	-	-	7,326	-	-	-
Contributions recognised - capital & Contributed	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	(3)	9	(118)	25	(12)	(9)	20	10	(3)	-	70	(122)
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	42,478	31,526	23,489	22,738	44,346	20,677	32,013	21,866	31,674	29,708	22,932	27,217
Cash Payments by Type												
Employee related costs	8,508	8,508	8,508	8,508	8,508	8,508	8,508	8,508	8,508	8,508	8,508	8,508
Remuneration of councillors	647	647	647	647	647	647	647	647	647	647	647	647
Finance charges	-	-	1,265	5,821	-	1,171	0	-	1,049	-	647	1,642
Bulk purchases - Electricity	6,226	22,284	7,472	5,821	5,603	5,456	6,158	8,322	6,389	8,457	6,987	7,788
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services	1,077	1,077	1,077	1,077	1,077	1,077	1,077	1,077	1,077	1,077	1,077	1,077
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	577	577	577	577	577	577	577	577	577	577	577	577
Other expenditure	5,797	7,324	7,339	6,847	4,966	8,129	9,830	8,755	8,590	6,584	8,055	6,339
Cash Payments by Type	22,832	40,417	26,886	23,578	21,379	25,566	26,797	27,886	26,837	25,851	26,452	23,114
Other Cash Flows/Payments by Type												
Capital assets	538	6,724	-	-	2,684	5,581	-	-	-	3,449	7,690	2,483
Repayment of borrowing	-	-	665	-	-	687	-	-	586	-	-	887
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	23,370	47,141	27,551	23,578	24,062	31,814	26,797	27,886	27,423	29,300	34,141	26,484
NET INCREASE/(DECREASE) IN CASH HELD	19,107	(15,614)	(4,062)	(840)	20,283	(11,136)	5,216	(6,021)	4,251	408	(11,169)	733
Cash/cash equivalents at the monetary year begin	24,989	44,097	28,482	24,420	23,580	43,864	32,727	37,943	31,923	36,174	25,393	26,126
Cash/cash equivalents at the monetary year end:	44,097	28,482	24,420	23,580	43,864	32,727	37,943	31,923	36,174	36,582	25,393	26,126

2.10 Annual budgets and Service Delivery Budget Implementation Plan – Internal department

In terms of section 53(1)(c)(ii) the Mayor must take all reasonable steps to ensure that the municipality's service delivery and budget implementation plan is approved by the mayor within 28 days after the approval of the budget. The draft organisational SDBIP together with the departmental SDBIP's will be included in the final budget document

2.11 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, the following contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

Table 52 MBRR SA32 – List of external mechanisms

KZN222 uMngeni - Supporting Table SA32 List of external mechanisms

External mechanism Name of organisation	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
		Number			R thousand
GNG			Debt Collection	31/03/2019	10% prof fee
Siva Chetty			Debt Collection	31/03/2019	10% prof fee
Melgovis (Pty) Ltd			Metval Property Mgt. System	31/12/2015	270
Bytes (Pty) Ltd			Bytes	30/06/2014	31
Indwe Risks Services			Short Term Insurance	30/06/2017	316
Nlsumi Telecommunications			MMS Sent Statements for Municipal Accounts	30/09/2016	-
Fidelity Cash Solutions			Cash In-Transit	30/09/2016	271

2.11 Capital expenditure details

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 53 MBRR SA 34a - Capital expenditure on new assets by asset class

KZN222 uMngeni - Supporting Table SA34a Capital expenditure on new assets by asset class

Description		Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure on new assets by Asset Class/Sub-class											
Infrastructure			26,858	29,645	20,741	23,749	20,140	20,140	19,866	31,506	34,453
Infrastructure - Road transport			26,858	29,070	19,928	18,749	20,005	20,005	19,866	23,506	26,453
Roads, Pavements & Bridges			26,858	29,070	19,928	18,749	20,005	20,005	19,866	23,506	26,453
Storm water			-	-	-	-	-	-	-	-	-
Infrastructure - Electricity			-	575	815	5,000	135	135	-	8,000	8,000
Generation			-	-	-	-	-	-	-	-	-
Transmission & Reticulation			-	575	815	5,000	135	135	-	8,000	8,000
Street Lighting			-	-	-	-	-	-	-	-	-
Infrastructure - Water			-	-	-	-	-	-	-	-	-
Dams & Reservoirs			-	-	-	-	-	-	-	-	-
Water purification			-	-	-	-	-	-	-	-	-
Reticulation			-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation			-	-	-	-	-	-	-	-	-
Reticulation			-	-	-	-	-	-	-	-	-
Sewerage purification			-	-	-	-	-	-	-	-	-
Infrastructure - Other			-	-	-	-	-	-	-	-	-
Waste Management			-	-	-	-	-	-	-	-	-
Transportation	2		-	-	-	-	-	-	-	-	-
Gas			-	-	-	-	-	-	-	-	-
Other	3		-	-	-	-	-	-	-	-	-
Community			-	-	3,223	3,500	3,500	3,500	2,000	-	-
Parks & gardens			-	-	-	-	-	-	-	-	-
Sportsfields & stadia			-	-	3,223	3,500	3,500	3,500	2,000	-	-
Swimming pools			-	-	-	-	-	-	-	-	-
Community halls			-	-	-	-	-	-	-	-	-
Libraries			-	-	-	-	-	-	-	-	-
Recreational facilities			-	-	-	-	-	-	-	-	-
Fire, safety & emergency			-	-	-	-	-	-	-	-	-
Security and policing			-	-	-	-	-	-	-	-	-
Buses	7		-	-	-	-	-	-	-	-	-
Clinics			-	-	-	-	-	-	-	-	-
Museums & Art Galleries			-	-	-	-	-	-	-	-	-
Cemeteries			-	-	-	-	-	-	-	-	-
Social rental housing	8		-	-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-	-
Heritage assets			-	2,462	32,312	-	19,927	19,927	-	-	-
Buildings			-	-	-	-	-	-	-	-	-
Other	9		-	2,462	32,312	-	19,927	19,927	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Housing development			-	-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-	-
Other assets			-	1,028	-	-	841	841	7,282	1,258	1,333
General vehicles			-	-	-	-	-	-	-	-	-
Specialised vehicles			-	-	-	-	-	-	-	-	-
Plant & equipment	10		-	1,028	-	-	-	-	6,100	-	-
Computers - hardware/equipment			-	-	-	-	-	-	-	-	-
Furniture and other office equipment			-	-	-	-	841	841	1,182	1,258	1,333
Abattoirs			-	-	-	-	-	-	-	-	-
Markets			-	-	-	-	-	-	-	-	-
Civic Land and Buildings			-	-	-	-	-	-	-	-	-
Other Buildings			-	-	-	-	-	-	-	-	-
Other Land			-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)			-	-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-	-
Agricultural assets			-	-	-	-	-	-	-	-	-
List sub-class			-	-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-	-
List sub-class			-	-	-	-	-	-	-	-	-
Intangibles			-	-	-	-	-	-	-	-	-
Computers - software & programming			-	-	-	-	-	-	-	-	-
Other (list sub-class)			-	-	-	-	-	-	-	-	-
Total Capital Expenditure on new assets	1		26,858	33,135	56,276	27,249	44,409	44,409	29,148	32,764	35,786

Table 54 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

KZN222 uMngeni - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Roads, Pavements & Bridges		-	-	-	-	-	-	-	-	-
Storm water		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Generation		-	-	-	-	-	-	-	-	-
Transmission & Reticulation		-	-	-	-	-	-	-	-	-
Street Lighting		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs		-	-	-	-	-	-	-	-	-
Water purification		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Sewerage purification		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management		-	-	-	-	-	-	-	-	-
Transportation	2	-	-	-	-	-	-	-	-	-
Gas	3	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Parks & gardens		-	-	-	-	-	-	-	-	-
Sportsfields & stadia		-	-	-	-	-	-	-	-	-
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Recreational facilities		-	-	-	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-
Buses	7	-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	-	-	-
Social rental housing	8	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other	9	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-
General vehicles		-	-	-	-	-	-	-	-	-
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		-	-	-	-	-	-	-	-	-
Computers - hardware/equipment		-	-	-	-	-	-	-	-	-
Furniture and other office equipment		-	-	-	-	-	-	-	-	-
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	-	-	-	-	-	-	-	-
Other Buildings		-	-	-	-	-	-	-	-	-
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming		-	-	-	-	-	-	-	-	-
Other (list sub-class)		-	-	-	-	-	-	-	-	-
Total Capital Expenditure on renewal of existing	1	-	-	-	-	-	-	-	-	-

Table 55 MBRR SA34c - Repairs and maintenance expenditure by asset class

KZN222 uMngeni - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description		Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Repairs and maintenance expenditure by Asset Class/Sub-class											
Infrastructure			-	-	6,100	14,699	9,699	9,699	10,294	10,932	11,577
Infrastructure - Road transport			-	-	3,940	8,125	8,125	8,125	7,708	8,186	8,669
Roads, Pavements & Bridges					3,940	7,050	7,050	7,050	7,551	8,019	8,492
Storm water					-	2,075	1,075	1,075	157	167	177
Infrastructure - Electricity			-	-	2,160	5,574	1,574	1,574	2,586	2,746	2,908
Generation					-	-	-	-			
Transmission & Reticulation					2,160	5,574	1,574	1,574	2,586	2,746	2,908
Street Lighting					-	-	-	-			
Infrastructure - Water			-	-	-	-	-	-	-	-	-
Dams & Reservoirs					-	-	-	-			
Water purification					-	-	-	-			
Reticulation					-	-	-	-			
Infrastructure - Sanitation			-	-	-	-	-	-	-	-	-
Reticulation					-	-	-	-			
Sewerage purification					-	-	-	-			
Infrastructure - Other			-	-	-	-	-	-	-	-	-
Waste Management					-	-	-	-			
Transportation					-	-	-	-			
Gas					-	-	-	-			
Other					-	-	-	-			
Community			4,932	6,333	6,247	10,042	8,397	8,397	11,267	11,716	12,407
Parks & gardens					-	-	-	-			
Sportsfields & stadia					307	959	959	959	815	866	917
Swimming pools					-	-	-	-			
Community halls					107	273	273	273	1,706	1,812	1,919
Libraries					269	570	570	570	414	440	465
Recreational facilities					-	-	-	-			
Fire, safety & emergency					-	7	7	7			
Security and policing					-	794	794	794	252	268	284
Buses					-	-	-	-			
Clinics					-	-	-	-			
Museums & Art Galleries					-	-	-	-			
Cemeteries					-	-	-	-			
Social rental housing					-	283	283	283	259	275	292
Other			4,932	6,333	5,564	7,156	5,511	5,511	7,820	8,055	8,530
Heritage assets			-	-	-	-	-	-	-	-	-
Buildings											
Other											
Investment properties			-	-	-	-	-	-	-	-	-
Housing development											
Other											
Other assets			-	-	-	-	-	-	-	-	-
General vehicles											
Specialised vehicles			-	-	-	-	-	-	-	-	-
Plant & equipment											
Computers - hardware/equipment											
Furniture and other office equipment											
Abattoirs											
Markets											
Civic Land and Buildings											
Other Buildings											
Other Land											
Surplus Assets - (Investment or Inventory)											
Other											
Agricultural assets			-	-	-	-	-	-	-	-	-
List sub-class											
Biological assets			-	-	-	-	-	-	-	-	-
List sub-class											
Intangibles			-	-	-	-	-	-	-	-	-
Computers - software & programming											
Other (list sub-class)											
Total Repairs and Maintenance Expenditure	1		4,932	6,333	12,347	24,741	18,096	18,096	21,561	22,648	23,984
Specialised vehicles			-	-	-	-	-	-	-	-	-
Refuse											
Fire											
Conservancy											
Ambulances											
R&M as a % of PPE			0.6%	0.8%	1.6%	3.1%	2.3%	2.3%	2.8%	2.9%	3.1%
R&M as % Operating Expenditure			1.9%	2.2%	4.1%	7.8%	5.6%	5.6%	5.8%	5.8%	5.9%

Table 56 MBRR SA35 - Future financial implications of the capital budget

KZN222 uMngeni - Supporting Table SA35 Future financial implications of the capital budget

Vote Description	Ref	2016/17 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Present value
R thousand								
Capital expenditure	1							
Vote 1 - Executive and Council		175	186	197				
Vote 2 - Finance		139	148	157				
Vote 3 - Corporate Services		292	311	330				
Vote 4 - Planning Services		114	122	129				
Vote 5 - Community Services		2,251	267	283				
Vote 6 - Technical Services		26,176	23,730	26,690				
Vote 7 - Economic Development and Growth		-	-	-				
Vote 8 - Internal Audit		-	-	-				
Vote 9 - Electricity		-	8,000	8,000				
Vote 10 - [NAME OF VOTE 10]		-	-	-				
Vote 11 - [NAME OF VOTE 11]		-	-	-				
Vote 12 - [NAME OF VOTE 12]		-	-	-				
Vote 13 - [NAME OF VOTE 13]		-	-	-				
Vote 14 - [NAME OF VOTE 14]		-	-	-				
Vote 15 - [NAME OF VOTE 15]		-	-	-				
List entity summary if applicable								
Total Capital Expenditure		29,148	32,764	35,786	-	-	-	-
Future operational costs by vote	2							
Vote 1 - Executive and Council								
Vote 2 - Finance								
Vote 3 - Corporate Services								
Vote 4 - Planning Services								
Vote 5 - Community Services								
Vote 6 - Technical Services								
Vote 7 - Economic Development and Growth								
Vote 8 - Internal Audit								
Vote 9 - Electricity								
Vote 10 - [NAME OF VOTE 10]								
Vote 11 - [NAME OF VOTE 11]								
Vote 12 - [NAME OF VOTE 12]								
Vote 13 - [NAME OF VOTE 13]								
Vote 14 - [NAME OF VOTE 14]								
Vote 15 - [NAME OF VOTE 15]								
List entity summary if applicable								
Total future operational costs		-	-	-	-	-	-	-
Future revenue by source	3							
Property rates								
Property rates - penalties & collection charges								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
List other revenues sources if applicable								
List entity summary if applicable								
Total future revenue		-	-	-	-	-	-	-
Net Financial Implications		29,148	32,764	35,786	-	-	-	-

Table 57 MBRR SA36 - Detailed capital budget per municipal vote

KZN222 uMngeni - Supporting Table SA36 Detailed capital budget									
Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Rasho)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate
R thousand	4			2	6	3	3	5	
Parent municipality: List all capital projects grouped by Municipal Vote									
Khyathle Road and Stormwater Main Road Howick Midlands Road Mophoneni Ward 8, 10 and 11 Mophoneni Sportsfield Mandela Capture Site Zenzani Lions River Tumbelwood Emundani Sphumbele Lidgaton West Sportsfield Lidgaton West Cedara Electricity upgrade		Khyathle Road and Stormwater			Yes	Roads, Pavements & Bridges	Roads, Pavements & Bridges	2016	6,415
		Main Road Howick			Yes	Roads, Pavements & Bridges	Roads, Pavements & Bridges	2016	1,000
		Midlands Road			Yes	Roads, Pavements & Bridges	Roads, Pavements & Bridges	2016	1,000
		Mophoneni Ward 8, 10 and 11			Yes	Roads, Pavements & Bridges	Roads, Pavements & Bridges	2018	10,000
		Mophoneni Sportsfield			Yes	Sportsfields & stadia	Sportsfields & stadia	2017	2,500
		Mandela Capture Site			Yes	Museums & Art Galleries	Museums & Art Galleries	2018	19,527
		Zenzani			Yes	Roads, Pavements & Bridges	Roads, Pavements & Bridges	2016	2,000
		Lions River			Yes	Roads, Pavements & Bridges	Roads, Pavements & Bridges	2016	1,000
		Tumbelwood			Yes	Roads, Pavements & Bridges	Roads, Pavements & Bridges	2016	1,000
		Emundani			Yes	Roads, Pavements & Bridges	Roads, Pavements & Bridges	2018	500
		Sphumbele			Yes	Roads, Pavements & Bridges	Roads, Pavements & Bridges	2018	858
		Lidgaton West Sportsfield			Yes	Sportsfields & stadia	Sportsfields & stadia	2017	2,000
		Lidgaton West			Yes	Roads, Pavements & Bridges	Roads, Pavements & Bridges	2017	1,500
		Cedara			Yes	Roads, Pavements & Bridges	Roads, Pavements & Bridges	2017	1,000
		Electricity upgrade			No	Infrastructure - Electricity	Infrastructure - Electricity	2018	-
									-
Parent Capital expenditure									
Entities: List all capital projects grouped by Entity									
Entity A Water project A									
Entity B Electricity project B									
Entity Capital expenditure									
Total Capital expenditure									
2016/17 Medium Term Revenue & Expenditure Framework									
Prior year outcomes									
Current Year									
2015/16									
Full Year									
Forecast									
Budget Year									
2016/17									
Budget Year									
+1 2017/18									
Budget Year									
+2 2018/19									
Budget Year									
Ward location									
New or renewal									
8, 10 and 11									
9									
3									
9									
12									
7									
1									
4									
2									
5									
2									
0									
21,886									
31,506									
34,433									

Table 58 MBRR SA37 - Projects delayed from previous financial year

KZN222 uMngeni - Supporting Table SA37 Projects delayed from previous financial years

Municipal Vote/Capital project R thousand	Ref. 1,2	Project name	Project number	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 4	Previous target year to complete Year	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
								Original Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Parent municipality: List all capital projects grouped by Municipal Vote				Examples	Examples							
Entities: List all capital projects grouped by Municipal Entity												
Entity Name Project name												

R thousand	Municipal Vote/Capital project	Ref. 1,2	Project name	Project number	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 4	Previous target	Current Year 2012/13		2013/14 medium term revenue & expenditure framework		
								Year to year to complete	Original Budget	Full Year Forecast	Budget Year 2013/14	Budget Year 1 2014/15	Budget Year +2 2015/16
	Parent municipality: List all capital projects grouped by Municipal Vote				Examples	Examples							
	Entities: List all capital projects grouped by Municipal Entity												
	Entity Name Project name												

2.13 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.
2. Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Since the introduction of the Internship programme the Municipality has successfully employed and trained 10 interns through this programme and a majority of them were appointed either in uMngeni Municipality or other municipalities.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2016/2017 MTREF in June 2016 directly aligned and informed by the 2016/17 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.
8. Policies
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

2.14 Other supporting documents

Table 59 MBRR Table SA1 - Supporting detail to budgeted financial performance

KZN222 uMngeni - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'											
Ref	Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
6	REVENUE ITEMS:										
	Property rates										
	Total Property Rates	146,936	145,229	155,112	185,305	181,972	181,972	181,972	215,468	228,927	242,328
	less Revenue Foregone (exemptions, reductions and rebates and Impermissible values In excess of section 17 of MPRA)	45,734	33,598	35,013	44,168	38,002	38,002	38,002	36,415	38,672	40,954
	Net Property Rates	100,902	111,632	119,499	141,136	143,970	143,970	143,970	179,053	190,155	201,374
	Service charges - electricity revenue										
6	Total Service charges - electricity revenue	54,338	51,842	52,718	71,427	71,427	71,427	71,427	78,142	85,487	93,523
	less Revenue Foregone (In excess of 50 kwh per Indigent household per month)	5,620			3,250						
	less Cost of Free Basis Services (50 kwh per Indigent household per month)										
	Net Service charges - electricity revenue	48,718	51,842	52,718	68,177	71,427	71,427	71,427	78,142	85,487	93,523
	Service charges - water revenue										
	6	Total Service charges - water revenue									
less Revenue Foregone (In excess of 6 kilolitres per Indigent household per month)											
less Cost of Free Basis Services (6 kilolitres per Indigent household per month)											
Net Service charges - water revenue											
Service charges - sanitation revenue											
6		Total Service charges - sanitation revenue									
	less Revenue Foregone (In excess of free sanitation service to Indigent households)										
	less Cost of Free Basis Services (free sanitation service to Indigent households)										
	Net Service charges - sanitation revenue										
	Service charges - refuse revenue										
	6	Total refuse removal revenue	7,809	4,619	5,049	10,321	10,321	10,321	10,321	11,002	11,684
Total landfill revenue					62						
less Revenue Foregone (In excess of one removal a week to Indigent households)											
less Cost of Free Basis Services (removed once a week to Indigent households)					5,150	5,150	5,150	5,150	5,489	5,830	6,174
Net Service charges - refuse revenue		7,809	4,619	5,049	5,233	5,171	5,171	5,171	5,512	5,854	6,199
Other Revenue by source											
3	BUILDING PLAN FEES										
	VALUATION & OBJECTION FEES	1,297	1,986	2,037	1,943	1,943	1,943	1,943	2,044	2,178	2,299
	SHARED SERVICES										
	RECONNECTION FEES	505	323	572	581	561	561	561	595	630	668
	RATES CERTIFICATES				555	555	555	555	1,037	1,101	1,168
	MISCELLANEOUS INCOME				394	394	394	394	402	445	473
	HALL HIRE	330	218	158	333	333	333	333	355	377	399
	LGSETA	228	205	220	282	282	282	282	301	320	336
	BURIAL FEES	265	66	69	166	166	166	166	177	199	211
	STOP ORDER COMMISSION	54	38	33	64	64	64	64	72	77	79
	INSURANCE CLAIMS RECEIVED				37	41	41	41	43	46	49
	Other Revenue				212	212	212	212	226	240	254
	1	Total 'Other' Revenue	5,173	4,508	5,265	9,169	7,597	7,597	7,375	7,829	8,281

Table 59 MBRR Table SA1 - Supporting detail to budgeted financial performance (Continued)

EXPENDITURE ITEMS:	2	50,048	45,680	67,663	66,985	60,059	60,059	60,059	64,640	63,770	69,036
		7,711	10,438	16,735	11,227	11,443	11,443	11,443	10,345	11,089	11,853
		2,669	3,219	—	8,064	1,600	1,600	4,680	6,383	6,828	7,086
		3,935	3,916	—	3,916	5,340	5,340	5,340	6,114	6,554	7,007
		—	—	—	—	—	—	—	—	—	—
EMPLOYEES RELATED COSTS	4	534	1,475	—	3,637	3,948	3,948	3,948	3,556	3,812	4,075
		47	202	—	489	455	455	455	312	334	358
		203	226	—	752	586	586	586	716	768	821
		7,852	821	—	5,371	6,116	6,116	6,116	6,130	6,494	7,109
		2,705	—	—	4,605	3,105	3,105	3,105	3,309	3,515	3,722
Less: Employees costs capitalized to PPE	4	—	—	—	691	—	—	—	736	782	828
	5	—	—	—	—	691	691	691	—	—	—
	sub-total	75,704	65,978	83,397	103,729	96,424	96,424	96,424	102,091	103,753	110,886
	1	75,704	65,978	83,397	103,729	96,424	96,424	96,424	102,091	103,753	110,886
		—	—	—	—	—	—	—	—	—	—
Contributions recognized - capital	10	57,896	37,598	41,825	11,232	11,232	11,232	11,232	20,974	30,770	32,586
		69	—	—	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—	—	—
	1	57,935	37,598	41,825	11,232	11,232	11,232	11,232	20,974	30,770	32,586
Total Depreciation & asset impairment	1	60,662	65,893	72,286	90,432	88,632	88,632	88,632	98,964	106,078	118,050
		—	—	—	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—	—	—
	1	60,662	65,893	72,286	90,432	88,632	88,632	88,632	98,964	106,078	118,050
Bulk purchases	1	5,110	10,867	7,162	7,110	3,250	3,250	3,250	3,465	3,680	3,897
		—	—	—	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—	—	—
	1	5,110	10,867	7,162	7,110	3,250	3,250	3,250	3,465	3,680	3,897
Transfers and grants	1	1,115	1,950	3,110	3,586	0	0	0	—	—	—
		—	—	—	2,793	6,379	6,379	6,379	—	—	—
		—	—	—	3,658	5,537	5,537	5,537	5,903	6,269	6,639
		—	—	—	212	212	212	212	226	240	254
	1	1,115	1,950	3,110	3,586	0	0	0	—	—	—
Total transfers and grants	1	1,115	1,950	3,110	3,586	0	0	0	—	—	—
		—	—	—	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—	—	—
	1	1,115	1,950	3,110	3,586	0	0	0	—	—	—
Contracted services	1	1,115	1,950	3,110	3,586	0	0	0	—	—	—
		—	—	—	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—	—	—
	1	1,115	1,950	3,110	3,586	0	0	0	—	—	—
Less: ESKOM	1	—	—	—	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—	—	—
	1	—	—	—	—	—	—	—	—	—	—
PATROLS & SECURITY	1	—	—	—	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—	—	—
	1	—	—	—	—	—	—	—	—	—	—
ROCK POWER LINE SERVICES	1	—	—	—	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—	—	—
	1	—	—	—	—	—	—	—	—	—	—
Allocations to organs of state:	1	1,115	1,950	3,110	3,586	0	0	0	—	—	—
		—	—	—	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—	—	—
	1	1,115	1,950	3,110	3,586	0	0	0	—	—	—
Total contracted services	1	1,115	1,950	3,110	3,586	0	0	0	—	—	—
		—	—	—	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—	—	—
	1	1,115	1,950	3,110	3,586	0	0	0	—	—	—

Other Expenditure By Type		1997-98										1998-99										1999-00										2000-01										2001-02									
3	Collection costs	2,596	3,560	721	695	760	760	760	546	580	614	1	Total 'Other' Expenditure	34,470	69,444	59,260	71,481	76,831	76,831	89,255	93,507	91,722																													
	Contributions to 'other' provisions	-	-	-	-	1,560	1,560	1,560	-	-	-		589																																						
	Consultant fees	1,020	155	7,784	4,407	6,069	6,069	6,069	6,470	6,871	7,277																																								
	Audit fees	847	1,282	1,130	1,660	1,300	1,300	1,385	1,385	1,471	1,558																																								
	General expenses	7,708	40,453	15,090	41,366	10,193	10,193	10,193	15,377	16,019	16,947																																								
	GRANTS EXPENDITURE	1,115	-	-	-	13,008	13,008	13,008	12,143	12,035	5,461																																								
	ASSET REGISTER MANAGEMENT	3,081	3,718	625	-	2,000	2,000	2,000	6,132	6,896	6,896																																								
	REPAIRS AND MAINTENANCE	2,308	3,012	12,347	-	18,096	18,096	18,096	21,561	22,648	23,984																																								
	ELECTRICITY	4,017	4,224	4,513	4,980	6,076	6,076	6,076	6,477	6,879	7,284																																								
	MAINTENANCE OF COMPUTER SERVICES	1,847	155	406	-	491	491	491	524	556	589																																								
	LEASE RENTALS ON OPERATING LEASE	1,425	1,464	2,994	231	240	240	240	256	272	288																																								
	PURCHASE OF STATIONERY	-	256	544	390	464	464	464	494	525	556																																								
	LEGAL FEES	536	460	88	1,056	512	512	512	546	580	614																																								
	BANK CHARGES	831	692	684	621	653	653	653	696	739	783																																								
	PURCHASE OF CLEANING MATERIALS	-	71	69	123	83	83	83	88	94	99																																								
	POSTAGES	990	1,066	1,126	1,334	1,334	1,334	1,334	1,422	1,510	1,599																																								
	COMMUNICATION EXPENSE	-	374	425	582	762	762	762	850	903	956																																								
	HIRING OF VEHICLE SYS	269	321	1,625	1,809	1,809	1,809	1,809	1,929	2,048	2,169																																								
	FIRE FIGHTING SERVICE	200	236	263	371	416	416	416	444	471	499																																								
	VALUATION ROLL EXPENSE	516	1,572	2,669	635	1,845	1,845	1,845	1,967	2,088	2,212																																								
ADVERTISING	415	330	497	435	534	534	534	570	605	641																																									
BANK DEPOSIT SERVICES	73	94	73	156	172	172	172	150	159	168																																									
INSURANCE	407	393	460	780	467	467	467	498	529	560																																									
IDP EXPENDITURE	103	57	684	106	281	281	281	650	690																																										

March 2016	100
------------	-----

SA1 Continued

Table 60 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

KZN222 uMngeni - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)		Ref	Description	Vote 1 - Executive and Council	Vote 2 - Finance	Vote 3 - Corporate Services	Vote 4 - Planning Services	Vote 5 - Community Services	Vote 6 - Technical Services	Vote 7 - Economic Development and Growth	Vote 8 - Internal Audit	Vote 9 - Electricity	Vote 10 - [NAME OF VOTE 10]	Vote 11 - [NAME OF VOTE 11]	Vote 12 - [NAME OF VOTE 12]	Vote 13 - [NAME OF VOTE 13]	Vote 14 - [NAME OF VOTE 14]	Vote 15 - [NAME OF VOTE 15]	Total
R thousand		1																	
Revenue By Source																			
Property rates				179,053	-	-	-	-	-	-	-	-	-	-	-	-	-	-	179,053
Service charges - penalties & collection charges				6,655	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,655
Service charges - electricity revenue				-	-	-	-	-	-	-	-	78,142	-	-	-	-	-	-	78,142
Service charges - water revenue				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - other				-	-	-	-	-	5,512	-	-	-	-	-	-	-	-	-	5,512
Rental of facilities and equipment				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest earned - external investments				-	-	716	-	-	-	-	-	-	-	-	-	-	-	-	716
Interest earned - outstanding debtors				1,960	3,725	-	-	-	-	-	-	-	-	-	-	-	-	-	3,725
Dividends received				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,960
Fines				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Licences and permits				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23,916
Agency services				703	1,214	599	1,030	-	-	-	-	-	-	-	-	-	-	-	3,439
Other revenue				37,452	1,525	-	-	-	96	-	-	-	1,094	-	-	-	-	-	7,375
Transfers recognised - operational				-	-	-	-	3,201	8,223	-	-	10,968	-	-	-	-	-	-	61,469
Gains on disposal of PPE				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)				225,824	6,564	1,315	1,030	30,553	16,373	-	-	30,204	-	-	-	-	-	-	371,962
Expenditure By Type																			
Employee related costs				22,348	14,200	10,478	5,262	22,644	23,183	2,561	1,416	-	-	-	-	-	-	-	102,091
Remuneration of councillors				7,763	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,763
Debt impairment				-	-	-	-	14,029	8,221	-	-	628	-	-	-	-	-	-	22,878
Depreciation & asset impairment				-	28,974	-	-	-	-	-	-	-	-	-	-	-	-	-	28,974
Finance charges				-	-	-	-	-	5,127	-	-	-	-	-	-	-	-	-	5,127
Bulk purchases				-	-	-	-	-	-	-	-	96,964	-	-	-	-	-	-	96,964
Other materials				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services				226	-	6,800	-	5,903	-	-	-	-	-	-	-	-	-	-	12,929
Transfers and grants				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,465
Other expenditure				25,825	5,831	7,149	1,554	9,306	14,987	54	89	24,451	-	-	-	-	-	-	89,235
Loss on disposal of PPE				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure				56,161	49,005	24,428	6,815	51,381	51,319	2,625	1,506	125,507	-	-	-	-	-	-	369,445
Surplus/(Deficit)				169,663	(42,440)	(23,112)	(5,786)	(21,229)	(35,146)	(2,625)	(1,506)	(35,303)	-	-	-	-	-	-	2,317
Transfers recognised - capital				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions recognised - capital				-	-	-	-	-	21,866	-	-	-	-	-	-	-	-	-	21,866
Contributed assets				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions				169,663	(42,440)	(23,112)	(5,786)	(21,229)	(13,280)	(2,625)	(1,506)	(35,303)	-	-	-	-	-	-	24,383

Table 61 MBRR Table SA3 – Supporting detail to Statement of Financial Position

KZN222 uMngeni - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand												
ASSETS												
Call investment deposits	2											
Call deposits < 90 days		14,849	29,798	38,548	25,210	16,228	16,228	16,228	18,160	24,334	29,552	
Other current investments > 90 days		-	-	-	-	-	-	-	-	-	-	
Total Call investment deposits		14,849	29,798	38,548	25,210	16,228	16,228	16,228	18,160	24,334	29,552	
Consumer debtors	2											
Consumer debtors		35,688	32,515	31,354	99,591	99,591	99,591	99,591	87,193	84,577	82,040	
Less: Provision for debt impairment		-	-	-	(21,462)	(21,462)	(21,462)	(21,462)	(22,878)	(24,297)	(25,730)	
Total Consumer debtors		35,688	32,515	31,354	78,129	78,129	78,129	78,129	64,315	60,281	56,310	
Debt impairment provision												
Balance at the beginning of the year		-	-	-	-	-	-	-	-	-	-	
Contributions to the provision		-	-	-	-	-	-	-	-	-	-	
Bad debts written off		29,470	32,338	-	21,462	21,462	21,462	21,462	22,878	24,297	25,730	
Balance at end of year		29,470	32,338	-	21,462	21,462	21,462	21,462	22,878	24,297	25,730	
Property, plant and equipment (PPE)	3											
PPE at cost/valuation (excl. finance leases)		771,595	775,394	788,876	796,982	802,087	802,087	802,087	778,784	770,294	762,825	
Leases recognised as PPE		-	-	-	-	-	-	-	-	-	-	
Less: Accumulated depreciation		-	-	-	-	-	-	-	-	-	-	
Total Property, plant and equipment (PPE)	2	771,595	775,394	788,876	796,982	802,087	802,087	802,087	778,784	770,294	762,825	
LIABILITIES												
Current liabilities - Borrowing	2											
Short term loans (other than bank overdraft)		-	-	-	-	-	-	-	-	-	-	
Current portion of long-term liabilities		6,148	3,189	3,279	4,635	2,650	2,650	2,650	2,805	2,973	3,152	
Total Current liabilities - Borrowing		6,148	3,189	3,279	4,635	2,650	2,650	2,650	2,805	2,973	3,152	
Trade and other payables		2										
Trade and other creditors			28,289	25,345	18,943	25,557	16,670	16,670	16,670	17,048	14,491	13,042
Unspent conditional transfers			12,814	17,831	22,223	-	-	-	-	-	-	-
VAT			2,416	705	-	-	-	-	-	-	-	-
Total Trade and other payables			43,519	43,881	41,166	25,557	16,670	16,670	16,670	17,048	14,491	13,042
Non current liabilities - Borrowing		4										
Borrowing	31,159		31,672	29,022	33,599	29,022	29,022	29,022	26,372	23,566	23,593	
Finance leases (including PPP asset element)	564		1,392	-	-	-	-	-	-	-	-	
Total Non current liabilities - Borrowing		31,722	33,064	29,022	33,599	29,022	29,022	29,022	26,372	23,566	23,593	
Provisions - non-current	2											
Retirement benefits		25,273	21,715	-	-	-	-	-	-	-	-	
List other major provision items												
Refuse landfill site rehabilitation		14,070	16,556	18,117	5,072	19,080	19,080	19,080	19,747	21,524	23,462	
others		-	6,140	31,262	-	-	-	-	-	-	-	
Total Provisions - non-current		39,343	44,411	49,379	5,072	19,080	19,080	19,080	19,747	21,524	23,462	
CHANGES IN NET ASSETS												
Accumulated Surplus/(Deficit)	1											
Accumulated Surplus/(Deficit) - opening balance		-	-	617,926	-	-	-	-	644,474	-	-	
GRAP adjustments		-	-	-	-	-	-	-	-	-	-	
Restated balance		-	-	617,926	-	-	-	-	644,474	-	-	
Surplus/(Deficit)		(14,940)	2,436	26,548	28,274	22,517	22,517	22,517	24,383	33,284	35,451	
Appropriations to Reserves		-	-	-	-	-	-	-	-	-	-	
Transfers from Reserves		-	-	-	-	-	-	-	-	-	-	
Depreciation offsets		-	-	-	-	-	-	-	-	-	-	
Other adjustments		-	-	-	610,097	578,027	578,027	578,027	-	-	-	
Accumulated Surplus/(Deficit)			(14,940)	2,436	644,474	638,370	600,544	600,544	600,544	668,856	33,284	35,451
Reserves		2										
Housing Development Fund			15,681	15,108	15,108	15,108	15,108	15,108	15,108	15,108	15,108	15,108
Capital replacement			-	-	-	-	-	-	-	-	-	-
Selfinsurance			-	-	-	-	-	-	-	-	-	-
Other reserves			127,471	127,471	127,471	241,292	241,292	241,292	241,292	241,292	241,292	241,292
Revaluation		-	-	-	-	-	-	-	-	-	-	
Total Reserves		143,152	142,579	142,579	256,400	256,400	256,400	256,400	256,400	256,400	256,400	
TOTAL COMMUNITY WEALTH/EQUITY	2	128,212	145,015	787,052	894,770	856,944	856,944	856,944	925,257	289,684	291,851	

Table 62 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

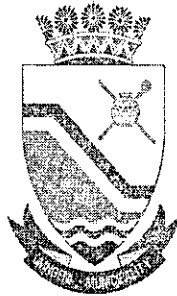
KZN222 uMngeni - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2012/13	2013/14	2014/15	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population						92,710	92,710	92,710	92,710	92,710	92,710	92,710
Females aged 5 - 14						7,162	7,162	7,162	7,162	7,162	7,162	7,162
Males aged 5 - 14						7,368	7,368	7,368	7,368	7,368	7,368	7,368
Females aged 15 - 34						17,157	17,157	17,157	17,157	17,157	17,157	17,157
Males aged 15 - 34						17,759	17,759	17,759	17,759	17,759	17,759	17,759
Unemployment						9,711	9,711	9,711	9,711	9,711	9,711	9,711
Monthly household income (no. of households)	1, 12											
No income						33,287	33,287	33,287	33,287	33,287	33,287	33,287
R1 - R1 600						12,987	12,987	12,987	12,987	12,987	12,987	12,987
R1 601 - R3 200						8,575	8,575	8,575	8,575	8,575	8,575	8,575
R3 201 - R6 400						4,441	4,441	4,441	4,441	4,441	4,441	4,441
R6 401 - R12 800						4,124	4,124	4,124	4,124	4,124	4,124	4,124
R12 801 - R25 600						3,130	3,130	3,130	3,130	3,130	3,130	3,130
R25 601 - R51 200						1,501	1,501	1,501	1,501	1,501	1,501	1,501
R51 201 - R102 400						481	481	481	481	481	481	481
R102 401 - R204 800						176	176	176	176	176	176	176
R204 801 - R409 600						94	94	94	94	94	94	94
R409 601 - R819 200						-	-	-	-	-	-	-
> R819 200						-	-	-	-	-	-	-
Poverty profiles (no. of households)	13					19000.00	19000.00	19000.00	19000.00	19000.00	19000.00	19000.00
< R2 080 per household per month	2					0.00	0.00	0.00	0.00	0.00	0.00	0.00
Insert description												
Household demographics (000)												
Number of people in municipal area						93	93	93	93	93	93	93
Number of poor people in municipal area						-	-	-	-	-	-	-
Number of households in municipal area						30	30	30	30	30	30	30
Number of poor households in municipal area						-	-	-	-	-	-	-
Debtors of poor household (R per month)						-	-	-	-	-	-	-
Housing statistics	3											
Formal						23,485	23,485	23,485	23,485	23,485	23,485	23,485
Informal						1,546	1,546	1,546	1,546	1,546	1,546	1,546
Total number of households						25,031	25,031	25,031	25,031	25,031	25,031	25,031
Dwellings provided by municipality	4					-	-	-	-	-	-	-
Dwellings provided by provincial/s						-	-	-	-	-	-	-
Dwellings provided by private sector	5					-	-	-	-	-	-	-
Total new housing dwellings						-	-	-	-	-	-	-
Economic	6											
Inflation/inflation outlook (CPI)												
Interest rate - borrowing						6.8%	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%
Interest rate - investment						7.1%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%
Remuneration increases												
Consumption growth (electricity)												
Consumption growth (water)												
Collection rates	7											
Property tax/service charges						75.0%	80.0%	94.0%	92.0%	88.0%	88.0%	88.0%
Rental of facilities & equipment						53.0%	57.0%	61.0%	60.0%	88.0%	88.0%	88.0%
Interest - external investments						100.0%	100.0%	100.0%	100.0%	88.0%	88.0%	88.0%
Interest - debtors						75.0%	80.0%	83.0%	83.0%	88.0%	88.0%	88.0%
Revenue from agency services						1.0%	1.0%	1.0%	10.0%	88.0%	88.0%	88.0%

Table 63 MBRR SA32 – List of external mechanisms

KZN222 uMngeni - Supporting Table SA32 List of external mechanisms

External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
GNG			Debt Collection	31/03/2019	10% prof fee
Siva Chetty			Debt Collection	31/03/2019	10% prof fee
Metgovis (Pty) Ltd			Metval Property Magt. System	31/12/2015	270
Bytes (Pty) Ltd			Bytes	30/06/2014	31
Indwe Risks Services			Short Term Insurance	30/06/2017	316
Ntsumi Telecommunications			MMS Sent Statements for Municipal Accounts	30/06/2016	-
Fidelity Cash Solutions			Cash In-Transit	30/09/2016	271



MUNICIPAL NOTICE NO

DRAFF TARIFFS: 2016/2017 FINANCIAL YEAR

Notice is hereby given in terms of Section 75A(3)(b) of the Local Government: Municipal Systems Act (Act 32 of 2000), that uMngeni Municipal Council by Resolution taken on resolved to amend the following tariffs as indicated:

1. Refuse Removal Tariffs

- | | | |
|-----|-------------------------|---|
| (a) | Domestic Consumers | Free up to total market value per property of R200 000.
Consumers/Ratepayers with property values in excess of R200 000 will have a monthly charge of R61.19 |
| (b) | Commercial Consumers | R114.26 per 120ℓ bin per month
(One collection per week) |
| (c) | Government Institutions | R101.57 per bin 120ℓ per month
(One collection per week) |

Sectional title complexes that collect and transport domestic refuse to the landfill site for disposal must make application in writing to the Municipal Manager in order to qualify for reduced refuse removal tariffs subject to all necessary criteria being met.

The above tariff excludes Vat.

2. Electricity Tariffs

Domestic Consumers High on Conventional Meters

BLOCK 1: 0 – 50 Kwh	84c/kwh
BLOCK 2: 51 - 350 Kwh	105c/kwh
BLOCK 3: 351 – 600 Kwh	142c/kwh
BLOCK 4: 601 and above	172c/kwh
Basic Charge	R131.28 per month

Any domestic consumer in excess of 60 amps will attract the charge of R24.59 per amp per month

These tariffs are applicable in respect of all accounts rendered from 1 July 2016 irrespective of when meter readings were taken

Domestic Consumers Low on Prepaid Meters

BLOCK 1: 0 – 50 kwh	85c/kwh
BLOCK 2: 51 - 350 kwh	110c/kwh
BLOCK 3: 351 – 600 kwh	148c/kwh

Domestic Consumers High on Prepaid Meters

BLOCK 1: 0 – 50 kwh	86c/kwh
BLOCK 2: 51 - 350 kwh	110c/kwh
BLOCK 3: 351 – 600 kwh	148c/kwh
BLOCK 4: 601 and above	175c/kwh

Commercial Consumers on Conventional Meters

Per kwh	98c/kwh
Basic Charge	R24.99 per amp per month

These tariffs are applicable in respect of all accounts rendered from 1 July 2016 irrespective of when meter readings were taken.

Commercial Consumers on Prepaid Meters

Per kwh	179c/kwh
---------	----------

3. Deposits

- (a) Domestic Consumers:
Electricity R1780.22
- (a) All Other Consumers:
Electricity: Minimum deposit of R 6259.98but will be
Based on 2 months consumption.

4. Meter Reading Fees

- (a) Domestic Consumers: R 101.70per reading on request
- (b) All Other Consumers' 197.74 per reading

5. Testing of Meters

- (a) Domestic meters: R 263.28per meter
- (b) Commercial meters: R658.77 per meter

The above tariff excludes Vat.

ELECTRICITY - STANDARD CONNECTIONS

Electricity: (Conventional & Prepaid) R7053.21 per connection.

Electricity: (Conversion to Pre-paid) R 734.47 per connection

(The standard conversion tariff applies to indigent applicants only and the application must
Be made for a 20 amp circuit breaker or lower)

Domestic Circuit Breaker upgrades R1355.95 per change

Any other Circuit Breaker upgrades are at cost plus 10 %

ELECTRICITY - OTHER CONNECTIONS

All other electricity connections, beyond the above standard connection are at cost + 20%.

Conversion from conventional to prepaid above 20 amps is at cost + 20%.

All new electricity, water and sewerage connections are made to the boundary of the property
and not the dwelling, depending on the technical considerations.

The above tariff excludes Vat.

8. Disconnection/Reconnection and Tamper Fees

Electricity: Disconnection/Reconnection fee R 437.06

Electricity:

1st Offence R2824.90

2nd Offence R3 954.86

3rd Offence Prosecution.

The above tariff excludes Vat.

9. Library Membership Fees

Adults R110.19 per annum

Children (under 18) R69.47per annum

The above tariff excludes Vat.

10. Clearance Certificates and Property Valuation Certificates & Objections

(a) Issuing of Clearance Certificates R191.88 per certificate.

(b) Issuing of Property Valuation Certificates R 117.26 per certificate

(c) Lodging of Objections: R338.99per objection for Residential and Non-Residential Properties

R677.98per objection for Agricultural Properties

Refundable if objection is upheld

(d) Lodging of Appeals: R847.47 per appeal for all properties. Refundable if the appeal is upheld by the Valuations Appeals Board

The above tariff excludes Vat.

11. Building Plan Fees

Minor Works and Internal R169.49

Alterations not affecting the floor area.

New Buildings, erection or additions:

(a) For first 20m² R 109.61

(b) For 21m² - 50² R183.05

(c) For 51m² - 90m² R271.19

(d) For 91m² and above. R 1220.36per 10m²

or part thereof save for a 50% reduction on bone fide farming structures utilized for farming purposes in excess 91m².

(e) Approval in principle 30% of Building Plan Fee.

(f) Swimming Pools R248.59

(g) Drainage charge R248.59

(h) Petrol, Diesel & Gas R259.89

(i) Temporary Buildings R169.49for each 50m² or part thereof.

(j) Pre-cast Concrete Boundary walls R 158.19

not adjacent to a road boundary but exceeding 1,8 meters in height shall require the submission of an application with sketch plan.

(k) Pre-cast Concrete Boundary walls 1/2% of the Value of the R122.04 adjacent to a road exceeding fence – Minimum 1,5 meters in height are subject to the submission of application forms and building plans.

(l) Hoarding Fees:
Deposit per frontage of 10m² or

	part thereof	R2316.41
	Rental per frontage of 10m ² or	
	part thereof	R 107.35
(m)	Encroachments	
	Balconies not used for living	
	purposes or business purposes.	R 77.97per 10m ² or part thereof.
	Balconies 75% enclosed and	
	attached to business premises	R188.70 per 10m ²
	and not used or part thereof	
	For business purposes.	
	Balconies used for licensed	R874.12 per 10m ²
	business purposes.	or part thereof.
	Verandah's	R 80.23 per annum
	Servitudes and Reserves	R127.69 per annum per 10m or part thereof.

12. Town Planning Fees

(a) Subdivision	
- Urban (1-5 Subs)	R 4797.00
- Urban (6-10 Subs)	R 5308.68
- Urban (Above 10 Subs)	R 6289.40
- Rural (1-5 Subs)	R 6950.32
- Rural (6-10 Subs)	R 8248.71
- Rural (Above 10 Subs)	R 9380.80
(b) Subdivision and Consolidation	R 6396.00
Consolidation	R 4797.00
(c) Special Consent	
- Self contained unit with advertising	R 3411.20
- Self contained unit without advertising	R 1385.80
- Other Applications	R 4690.40
(d) Rezoning	
- less than 1 ha	R 4797.00
- 1 ha but less than 5 ha	R 5308.68
- 5 ha but less than 10 ha	R 6289.40

- 1	
0 ha and above	R 7675.20
(e) Extension of Scheme	R 4797.00
Development Outside Scheme	
- 1 ha to 5 ha	R 5223.40
- 6 ha to 10 ha	R 5756.40
- 10 ha and above	R 6289.40
(f) Alteration, Suspension and Removal of restrictive Conditions of title or conditions of establishment	R 4637.10
If an applicant for any application is responsible for the advertising, circulation and postage, the application fee will be R 1599 plus VAT per application	
(g) Closure of Roads/Open Spaces	R 4903.60
(h) Amend, Phasing, or Cancellation of layouts	R 4903.60
(g) Extension of scheme	R 4797.00
(i) Enforcement	
- Spot Fines – Any Illegal Use	R 1385.80
- Thereafter per day	R 666.25
(j) Spot Fine – Prohibited Use	R 1385.80
- Thereafter per day	R 677.98
(h) Other Fines:	
- Fines as per section 75 and 89 of the PDA	As per court order
- Additional penalties in accordance with section 76:	As per court order
- Section 89 Civil Penalties	10 – 100% of value of illegal building Construction etc.

The above tariff excludes Vat.

13. Photocopies/Plotting Charges:

Copies made by scholars	R 0,74
A4 Photocopy per page	R 1,18
A3 Photocopy per page	R 2,31
A1 G.I.S. print per page	R 4,57
A4 Plotting costs	R 10,34
A3 Plotting costs	R 34,12
A2 Plotting costs	R 51,02
A1 Plotting costs	R 90,68
A0 Plotting costs	R 186,44
AO+Plotting costs	R 198,87
CD Plotting costs	R 75,71
Digital Copies	R 42,37

Wide format Photocopying/plotting Charges

A0 size	R36,72
A1 size	R25,42
A2 size	R14,12
A3 size	R1,98
CD Plotting	R59,32

The above tariff excludes Vat

14. Landfill Site Tariffs

1. The tariff for the disposal of refuse at the Curry's Post Landfill Site;-
 - a) General domestic refuse, inert trade refuse, per 250kg or part thereof. R42.49
 - b) Mixed refuse (garden, domestic, trade refuse, including builder's rubble) per 250kg or part thereof. R42.49
 - c) Industrial sludges, subject to agreement and approval by the Landfill Manager per 250kg or part thereof. R183.18
 - d) Builder's rubble and excavated material per 250kg or part thereof; R13,87
 - e) Bulk food waste and condemned food per 250kg or part thereof; R39.63
 - f) Garden refuse, per 250kg or part thereof; R13,87
 - g) Finely divided excavated material with the maximum stone content of 10% And maximum stone size of 100mm per 250kg or part thereof; R6.39
 - h) Sawdust and woodwaste, per 250kg or part thereof; R64.73

Provided that no charge shall be payable for the disposal of :-

- i. Garden refuse by bona fide households where such refuse is conveyed R0.00
Motor cars, trailers with a normal capacity not greater than 0.5 tonne and
Light delivery vehicles with a normal capacity not greater than 1 tonne and
Deposited in the garden refuse containers.
- ii. Builder's rubble by bona fide householders and casual builders where such R0.00
Rubble is conveyed in vehicles with a nominal capacity not greater than 1
Tonne and deposited in the demarcated area on the Landfill site.
- iii. Garden refuse by bona fide householders where such refuse is conveyed R0.00
In vehicles with a normal capacity not greater than 1 tonne and deposited
In the demarcated area on the Landfill site.
- iv. Soil, ash and sand which the Landfill Site Manager has agreed in advance R0.00
Is suitable cover material, delivered in trucks of minimum 5 tonne capacity
2. Tariff for the voluntary weighing of vehicles (per vehicle). R35.07
3. That parking of a vehicle, trailer or container be not more than 8 hours at the R388.53
Curry's Post Landfill Site, or on the road reserve adjacent to the site for each 8
Hour period (per unit).
4. Building Rubble: deposit payable when submitting a building plan for approval R1,306.35
And refundable upon proof of disposal on the Landfill site.
5. Illegal dumping: a collection and disposal fee per 1.75m³ container load for R1289.51
Refuse or rubble dumped on a road verge in front or next to a property.
6. Florescent tubes – complete tubes to be deposited in specialised containers R84.10
Located in the recycling area. Per 250kg or part thereof.

15. Hall Hire Charges:

HOWICK WEST HALL

1. Profit-making / commercial functions such as Banquet, Theatre and the likes:

	TARIFFS
(a) MAIN HALL Charge per 5 hour session:	R 2398.50

Deposit:	R 2398.50
TOTAL	R 4797.00

	TARIFFS
(b) Side Hall Charge per 5 hour session:	R 1193.92
Deposit:	R 1812.20
TOTAL	R 3006.12

	TARIFFS
© Main and Side Hall Charge per 5 hour session:	R 2398.50
Deposit:	R 2398.50
TOTAL:	R 4797.00

2. For activities relating to Elections:

	TARIFFS
(a) Main Hall Charge per 5 hour session:	R 2398.50
Deposit:	R 2398.50
TOTAL:	R 4797.00

	TARIFFS
(b) Side Hall Charge per 5 hour session:	R 1193.92
Deposit:	R 1812.20
TOTAL	R3006.12

	TARIFFS
(c) Main and Side Hall Charge per 5 hour session:	R 2398.50
Deposit:	R 2398.50
TOTAL:	R 4797.00

3. Fundraising, sporting, religious, political and cultural, and education functions:
Preparation Time R451.98 per session

	TARIFFS
(a) Main Hall Charge per 5 hour session:	R 1193.92
Deposit:	R 1193.92
TOTAL:	R 2387.84

	TARIFFS
(b) Side Hall Charge per hour session:	R 724.88
Deposit:	R 724.88
TOTAL:	R 1449.76

	TARIFFS
(c) Main and Side Hall Charge per 5 hour session:	R 1812.20
Deposit:	R 1812.20
TOTAL:	R 3624.40

4. Social functions such as Weddings, Receptions, Parties, Choir performance and the likes:
Preparation Time R451.98per session

	TARIFFS
(a) Main Hall Charge per 5 hour session:	R 1812.20
Deposit:	R 1812.20
TOTAL:	R 3624.40

	TARIFFS
(b) Side Hall Charge per 5 hour session:	R 1300.52
Deposit:	R 1705.60
TOTAL	R 3006.12

	TARIFFS
(c) Main and Side Hall Charge per 5 hour session:	R 1865.50
Deposit:	R 1865.50
TOTAL:	R 3731.00

HILTON HALL

1. Profit-making / commercial functions such as Banquets, Theatre and the likes:
Preparation time R282.49per session

	TARIFFS
(a) Main Hall Charge per 5 hour session:	R 1865.50
Deposit:	R 1865.50
TOTAL:	R 3731.00

	TARIFFS
(b) Verandah only	R 1193.92

Charge per 5 hour session:	
Deposit:	R 1865.50
TOTAL	R 3059.42

	TARIFFS
(c) Main Hall and Verandah Charge per 5 hour session	R 1193.92
Deposit:	R 1865.50
TOTAL:	R 3059.42

2. For activities relating to Elections:

	TARIFFS
(a) Main Hall Charge per 5 hour session:	R 1812.20 R 1812.20
Deposit:	
TOTAL:	R 3624.40

	TARIFFS
(a) Verandah only Charge per 5 hour session:	R1193.92
Deposit:	R 1812.20
TOTAL:	R3006.12

	TARIFFS
© Main Hall and Verandah Charge per 5 hour session:	R 2707.64
Deposit:	R 2707.64
TOTAL:	R 5415.28

3. Fundraising, sporting, religious, political and cultural, and education functions:
Preparations time R338.99 per session

	TARIFFS
(a) Main Hall Charge per 5 hour session:	R703.56
Deposit:	R703.56
TOTAL:	R 1407.12

	TARIFFS
(b) Verandah only Charge per 5 hour session:	R 703.56
Deposit:	R 703.56
TOTAL:	R 1407.12

	TARIFFS
(c) Main Hall and Verandah Charge per 5 hour session:	R 1193.92
Deposit:	R 1193.92
TOTAL:	R 2387.84

4. Social functions such as Weddings, Receptions, Parties, Choir Performances and the likes:
Preparation time R 225.99 per session

	TARIFFS
(a) Main Hall Charge per 5 hour session:	R 1812.20
Deposit:	R 1812.20
TOTAL:	R 3624.40

	TARIFFS
--	---------

(b) Verandah only Charge per 5 hour session:	R 703.56
Deposit:	R 1812.20
TOTAL:	R 2515.76

	TARIFFS
(c) Main Hall and Verandah Charge per 5 hour session:	R 1812.20
Deposit:	R 1812.20
TOTAL:	R 3624.40

MPOPHOMENI HALL AND YOUTH THEATRE

1. Profit-making / commercial functions such as Banquets, Theatre and the likes:

	TARIFFS
(a) Main Hall Charge per hour session:	R 1279.20
Deposit:	R 1279.20
TOTAL:	R2558.40

2. For activities relating to elections:

	TARIFFS
(a) Main Hall Charge per 5 hour session:	R1279.20
Deposit:	R1279.20
TOTAL:	R2558.40

3. Fundraising, sporting, religious, political and cultural, and educational functions:

	TARIFFS
(a) Main Hall Charge per 5 hour session:	R 746.20
Deposit:	R 1279.20
TOTAL:	R 2025.40

4. Social functions such as Weddings, Receptions, Parties, Choir Performances and the likes:
Preparation time R225.99per session

	TARIFFS
(a) Main Hall Charge per 5 hour session:	R 1279.20
Deposit:	R 1279.20
TOTAL:	R 2558.40

HOWICK SOUTH HALL

1. Profit-making / commercial functions such as Banquets, Theatre and the likes:

	TARIFFS
(b) Main Hall Charge per 5 hour session:	R 746.20
Deposit:	R 746.20
TOTAL:	R 1492.40

2. For activities relating to Elections:
Preparation time R113.00 per session

	PROPOSED TARIFFS
(a) Main Hall Charge per 5 hour session:	R 621.48
Deposit:	R 621.48

TOTAL:	R 1242.96
--------	-----------

3. Fundraising, sporting, religious, political and cultural, and educational functions:
Preparation time R113.00per session

	TARIFFS
(a) Main Hall Charge per 5 hour session:	R 621.48
Deposit:	R 621.48
TOTAL:	R1242.96

4. Social functions such as Weddings, Receptions, Parties, Choir Performances and the likes:
Preparation time R225.99 per session

	TARIFFS
(a) Main Hall Charge per 5 hour session:	R 621.48
Deposit:	R 621.48
TOTAL:	R 1242.96

KWA-MEVANA HALL

5. Profit-making / commercial functions such as Banquets, Theatre and the likes:

	TARIFFS
(b) Main Hall Charge per hour session:	R 1279.20
Deposit:	R 1279.20
TOTAL:	R 2558.40

6. For activities relating to elections:

	TARIFFS
--	---------

(b) Main Hall Charge per 5 hour session:	R1279.20
Deposit:	R1279.20
TOTAL:	R2558.40

7. Fundraising, sporting, religious, political and cultural, and educational functions:

	TARIFFS
(b) Main Hall Charge per 5 hour session	R 746.20
Deposit:	R 1279.20
TOTAL:	R 2025.40

8. Social functions such as Weddings, Receptions, Parties, Choir Performances and the likes:
Preparation time R282.49 per session

	TARIFFS
(c) Main Hall Charge per 5 hour session:	R 1279.20
Deposit:	R 1279.20
TOTAL:	R 2558.40

LIDGETON HALL

9. Profit-making / commercial functions such as Banquets, Theatre and the likes:

	TARIFFS
(c) Main Hall Charge per hour session:	R 1279.20
Deposit:	R 1279.20
TOTAL:	R 2558.40

10. For activities relating to elections:

	TARIFFS
(c) Main Hall Charge per 5 hour session:	R 1279.20
Deposit:	R 1279.20
TOTAL:	R 2558.40

11. Fundraising, sporting, religious, political and cultural, and educational functions:

	TARIFFS
	R 746.20
Deposit:	R 1279.20
TOTAL:	R 2025.40

12. Social functions such as Weddings, Receptions, Parties, Choir Performances and the likes:
Preparation time R282.49 per session

	TARIFFS
(d) Main Hall Charge per 5 hour session:	R 1279.20
Deposit:	R 1279.20
TOTAL:	R 2558.40

13. Fees for the use of the Dorris Robbins Room at the Howick Library:

- | | |
|---|----------------------|
| (a) Promotion of culture i.e. Book discussions, art evaluation or educational instruction | Free |
| (b) Religious services and charitable institutions | R 225.99 per session |
| (c) Commercial undertakings | R395.49 per session |

These fees are per session. Morning session 8am to 12 noon and afternoon session 1pm to 5 pm

NOTE: (i) Functions of Provincial and National acclaimed artists are NOT covered on these tariffs as written requests will have to be made to the Municipality.

- (ii) A cancellation fee of 15% of the hire charge will be applicable should the booking be cancelled one month before the event. Should a request for cancellation be received at any time 2 weeks prior to the date of the event, the hire charge or deposit will be forfeited.

16. Animal Pound Charges

- (a) Transport of animal by LDV or Truck - R5,65 per Kilometer per animal
- (b) Veterinary Services rendered - Cost plus 10%
- (c) Pound Fees/Holding Fees - Large Animals e.g. Cattle R101.70 per day
- Small Animals e.g. Sheep R67.80 per day
- (d) Administration Fee - R191.88 per animal

17. uMngeni Municipality Sports Complex

Field 1

<u>Ad-hoc day Activities</u>	Deposit	=	R1812.20
	Charge	=	R 282.49
<u>Ad-hoc Night Activities</u>	Deposit	=	R1812.20
	Charge	=	R 451.98/hr
<u>Season Bookings Day</u>	Deposit	=	R2942.16
	Charge p/day	=	R 101.70
<u>Season Booking Night</u>	Deposit	=	R2942.16/Season
	Charge p/night	=	R 248.38/hr

2. Field 2

<u>Ad – hoc Day</u>	Deposit	=	R1812.20
	Charge	=	R 101.70
<u>Ad-hoc Night</u>	Deposit	=	R1812.20
	Charge	=	R 101.70/hr
<u>Season Booking Day</u>	Deposit	=	R2942.16/Season
	Charge	=	R 56.50/Day
<u>Season Booking Night</u>	Deposit	=	R2942.16/Season

	Charge	=	R 79.10/hr
3.	<u>Indoor Centre</u>		
	<u>Ad-hoc (Lights Day & Night)</u>	Deposit	= R1812.20
		Charge	= R 181.22/hr
	<u>Season Booking</u>	Deposit	= R2942.16
		Charge	= R 181.22/hr
4.	<u>Bar and Restaurant</u>		
	Electricity	=	As metered
	Water	=	As metered
	Lease	=	As per Bid
	Deposit	=	R9604.66/year
	Maintenance	=	Clean entire grand stand facility
	Admin responsibility	=	Report to Municipality on users monthly
5.	<u>Gym</u>		
	Electricity	=	As metered
	Water	=	As metered
	Lease	=	As per Bid
	Deposit	=	R9604.66/year
	Maintenance	=	Clean entire Indoor Centre
	Admin Responsibilities	=	Report to Municipality on users monthly

18. Ranking and Transport Permit Fees

1.1 Minibus Taxi

R 270 .00 per annum plus R50.00 Application fee non refundable

1.2 Buses (GVM greater than 3500kg)

R150.00 per annum plus R50.00 application non refundable

1.3 Metered Taxi (Less than 5 seats)

R150.00 per annum plus R50.00 application fee non refundable

1.4 Tour and Transport Vehicles

R250.00 per annum plus R 50 application fee non refundable

1.5 Scholar Transport Vehicles

R 250.00 per annum plus R50.00 application non refundable

1.6 Lost and Renewal

50% of initial fee plus R50.00 application fee non refundable

1.7 Replacement permit R300.00

Interest on all arrear accounts will be charged at the rate of 1% per month and any part of a month shall be considered as a full month.

The date on which this notice will be first displayed on the municipal notice board is 01 July 2016.

These tariffs will come into operation on 1 July 2016.

Mr G Gumbi Masilela

Acting Municipal Manager

uMngeni Municipality

P O Box 5

HOWICK

3290

ASSESSMENT OF GENERAL RATES FOR 2016/ 2017

MUNICIPAL NOTICE NO:

ASSESSMENT OF GENERAL RATES FOR 2016/ 2017

Notice is hereby given in terms of Section 14 of the Local Government: Municipal Property Rates Act No 6 of 2004, that by Resolution taken on the Council of uMngeni Municipality has resolved to determine the rates payable on all ratable property within the area of uMngeni Municipality for the financial year 1 July 2016 to 30 June 2017 at 1.35 cents in the rand on the market value of the property as stated in the valuation roll.

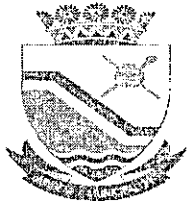
All rebates and exemptions are contained in the Rates Policy and may in certain instances be applied to the rate as assessed above.

General:

1. Rates will be payable monthly in twelve (12) equal installments with the first installment payable on 30 August 2016 and the last installment payable on the 31 July 2017.
2. The date on which the determination of rates came into operation is 01 July 2016.
3. Any rates remaining unpaid for a period longer than 3 months will be subject to legal action to be instituted to recover the arrear amount.
4. Any rates that are not paid on the due date will be subject to interest at the rate of 1% per month or part thereof.
5. A collection fee of 10% will be raised on the amount outstanding on 28 February 2017.
6. The date on which the notice was first displayed on the Municipal Notice Board is 01 July 2016.
7. This notice is also available on uMngeni Municipality's website www.umngeni.gov.za

**MRS G GUMBI MASILELA
ACTING MUNICIPAL MANAGER
PO BOX 5
HOWICK, 3290**

2.14 Acting Municipal manager's quality certificate



uMngeni Municipality

PO Box 5
3290
Howick, South Africa

Tel: +27 (33) 239 9200
Fax: +27 (33) 330 4183
Email: manager@umngeni.gov.za
Website: www.umngeni.gov.za

OFFICE OF THE ACTING MUNICIPAL MANAGER

Quality Certificate

I, Gabi Gumbi-Masilela, Acting Municipal Manager of uMngeni Municipality, hereby certify that the draft annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.


PRINT NAME

GABI GUMBI MASILELA

ACTING MUNICIPAL MANAGER OF

UMNGENI MUNICIPALITY (KZN222)

SIGNATURE



DATE

30 MARCH 2016



uMngeni Municipality

PO Box 5
3290
Howick, South Africa

Tel: +27 (33) 239 9266
Fax: 033-3304183
Email: manager@umngeni.gov.za
Website: www.umngeni.gov.za

Our Ref.:
Your Ref.:
Date:

Office of the Municipal Manager

**COUNCIL COMMITTEE MEETING HELD ON WEDNESDAY 30 MARCH 2016 AT
09:00AM IN UMNGENI MUNICIPALITY COUNCIL CHAMBER.**

C.0316.46 TABLING OF 2016/17, 2017/18 AND 2018/19 DRAFT BUDGET

On a proposal moved by the Mayor, Councillor MP Myeni, supported by Councillor SK Pillay, it was

RESOLVED

1. Council takes note of the compilation of the 2016/17, 2017/18 and 2018/19 Budget.
2. That (1) one Imbizo be done on the 15th April 2016.

Certified true extract of the minutes of the meeting

Signed _____
Mrs G. Gumbi-Masilela
Acting Municipal Manager

